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CAUSES AND TRENDS OF STRIKE ACTION IN EUROPEAN UNION COUNTRIES

THEODOROS KATSANEVAS

INTRODUCTION

In the daily reality of modern polycentric societies, strike action expresses the divergence of contrasting interest and expectations. It is "the morning lunch of Parliamentary Democracy"¹ which the mass media frequently endeavours to make it look or sound frightening, especially if there are some violent and blood clashes related to the dispute. The strike, however, is considered to be the most important source of organized labour in its struggle to win concessions. It is "*a planned withholding of labour designed to impose union demands on the employer from the employee or to prevent the employer from imposing his demands on the union*".² Although, there are multiple economic, social, legal and political interpretations, strike action has been defined as "*a temporary stoppage of work by a group of employees in order to express a grievance or enforce a demand*".³

An attempt has been made in this paper to determine the dominant influences of unemployment upon industrial disputes, as well as to trace the causes and trends of strikes in European Union countries in recent years. The main source of data is from the I.L.O.'s "Yearbook of Labour Statistics 1994". The original source of this same data is mainly drawn by the I.L.O. from government statistical services of the countries included in the study. For reasons of statistical comparability, the use of sources other than the I.L.O. (except in certain cases) has been avoided.

The estimates were also checked and compared with Eurostat statistics and publications especially, "The Rapid Reports", "Populations and Social Conditions", and "Trends in Industrial Disputes in the European Economic Area, 1983-1992". "There exist certain differences in statistical data between the two main sources, that is the "Yearbook of Labour Statistics of the ILO" and the "Eurosstat of the EC", although the general trends and findings are rather similar.

For Belgium and the Netherlands, the time series are incomplete, while for Luxemburg they are not available. The data used for Greece draws on publications by "The General Confederation of Labour of Greece", which takes its information from data reported by "The Greek National Statistical Service". Although the Confederation may have over-estimated some of its strike data, its chronological series and sectoral analysis are usually daily complete, and known to be satisfactory.

It should also be noted that an attempt had been made to extend the conclusions from data based on a fairly long period of time, that is between 1973 and 1993. However there were many statistical differences and gaps in information which made the conclusions for that period questionable. Nevertheless, even when taking the deferent data into consideration it still appears that there is a negative correlation between unemployment and strike trends for the extended period 1973-1993. In this sense, there is a general lowering of strike activity which could be attributed, to a certain extent to the persistent increase of unemployment.

The extensive and methodological elaboration of statistical data was made with the co-operation of economist Stefanos Karakitsos, while the data was collected by economics graduate Georgia Tsetsou. Many thanks are due to Professor Chris Jecchinis for his important observations and contributions to this study.

A SURVEY OF PUBLISHED RESEARCH STUDIES ON STRIKE CAUSES AND TRENDS

The propensity to strike has been made the object of numerous research papers which have appeared in several international studies. There seems to be many aspects of the problem. In an old empirical research study of "strikes in 15 countries between 1890 and 1956", Ross and Hatman have pointed out a series of factors which cause their development, such as:

1. the organized stability and age of the labour movement;
2. leadership conflicts;
3. status of union-management relationship;
4. labour activity; and
5. role of the State.

In another well-known comparative study covering various countries, Clark Kerr and Abraham Siegel came to the conclusion that the factors which have a definite influence on strike behaviour are , the geographical and social isolation of a working class community, the limited occupational differentiation among variables, and the coherence of the group.⁵ After taking into consideration those variables, Kerr and Siegel add that there is also a high propensity to strike among workers in certain sectors of economic activity, such as mining, ports, and iron/metal industries. Furthermore, according to the same scholars other interrelated factors, should be considered such as the size of business, the structure of production, the degree of technological change, the type of work organization applied, as well as the costs of production and the existing market commodities.

Smith *et al* in a sectoral analysis of stikes in Great Britain for the period 1966-1973 concluded that, "*higher than average strike activity appears to be*

associated with high earnings in the industry, labour costs representing a high proportion of total costs, a high proportion of large establishments in the industry and a low proportion of female employees".⁶

The Donovan Commission in Great Britain, attributed the increase of strikes during the decade of 1960 to the increase of trade union organizations' power and to the decentralization of collective bargaining.⁷ Turner and Roberts, concluded that, "*the normalization of company bargaining procedures and of stop stewards status to be a factor encouraging labour conflict*".⁸ And according to Hue Clegg, "*the pattern of strikes is therefore closely associated with the structure of bargaining in each country*".⁹

Unquestionably, in addition to the above findings of prominent scholars, there are other factors which affect strike tendencies such as the political climate, the prevailing ideological trends, the values and behaviour of society as a whole vis-a-vis union militant demonstrations,¹⁰ and in recent years, the impact of mass media.

In an effort to explain the reduction in strikes recorded in most European countries, during the 1980's, Antony Ferner and Richard Hayman pointed out that the following factors may be responsible for declining strike activity:

1. the creation of new institutions of dispute resolution;
2. the finest tuning of old mechanisms;
3. the crystallization of new structure of workplace representation;
4. trends towards small work units; and,
5. the shift from manufacturing to services, and from manual to white collar (and the associated feminization of the workforce).¹¹

John Hicks in an established, well thought of analysis, which is commonly known as "*the accident theory of strikes*", concludes that "*strikes result from faulty negotiations*" and there are variables which increase the uncertainty of the two parties to a negotiation.¹² An alternative view is found in Arthur Ross's political theory of strikes, which is based on the assumption of discrepancies in information or different aims between union leaders and the rank-and-file.¹³

There is also material to support the theory that the time of conducting parliamentary elections is a period which influences strike tendencies. This is because trade unions can exploit the pre-election time and press for wage increases when governments are particularly susceptible to concessions. Paldam and Pedersen support the disputable assertion that strike tendencies are stronger under a left-wing government than under a right-wing one.¹⁴ They state that, "*either that left-wing governments are more likely to enact conflict-reducing reforms (the reduction could be through appeasement or control) or that workers feel more solidarity with left-wing governments which reduces conflict. The main reason to expect a negative co-efficient is that workers are likely to have higher wage expectations under left-wing than under right-wing. In the opinion*

of the author, Paldam and Pedersen conclusions are questionable at least for the countries with strong political parties/trade unions relationships, such as Greece, and where leading trade union officials have close relationships, with socialist political parties and governments. These situations often have a sobering effect on the decision to strike.

On the same issue Jack Skeels claims that, there is a positive relationship between strike frequency and having a Democratic President in the white House.¹⁶ While Davies has concluded, (as it seems to be more logical) that, British strike frequency is significantly related to incomes policy and a tax-pressure variable,¹⁷ wage-price controls appear to have reduced, at least for a certain period of the time, the propensity to strike. Once, however, these controls are lifted, conflict activity usually rebounds as unions seek to make up for lost gains.¹⁸

An increasing rise of profits on the one hand, and inflation uncertainly on the other, normally induces a higher level of strike activity,¹⁹ because it forces the hand of trade union leaders for action.

Reviewing quarterly data for U.S. manufacturing over the period 1954-1974 Bruce Kaufman reported a significant positive relationship between work stoppages and inflation.²⁰ Before that, as early as 1952, Knowles presented graphs also showing a positive correlation between the number of strikes and the level of prices and wages in Britain, and a slightly less impressive negative relationship between strikes and the unemployment rate.²¹

Substantial rises in corporate profits may cause a rise in strike activity if corresponding expectations for higher wages are not met. A different view has been expressed by Paldam and Pedersen who seem to have reached a more acceptable conclusion. They maintain that *"changes in the wage structure is a dominating force behind change in conflict intensities. Conflicts may thus be generated by tensions between individuals' actual positions in the wage structure and their desired position-as formed by tradition, conceptions of justice and reason so forth"*.²² The same authors in their study of seventeen countries, have in fact found only a rather weak correlation between unemployment inflation rate and strike activity.

Legal regulations which are considered supportive to trade unions, such as the Wagner Act of 1935 in the United States, may also lead to more industrial disputes as unions want to exercise their new found organizing and bargaining rights.²³ On the other hand, hostile government intervention such as that of President Reagan's decision to fire the air traffic controllers during their wild-cat strike of 1981 had the opposite effect. As Bruce Kaufman stresses, that kind of action appeared to have had a chilling effect on the willingness of other unions to strike, since both labour and management interpreted the Reagan intervention as a signal that, from then on, it was permissible for strike breakers to replace workers who went on strike.²⁴ Strong arm government tactics against unions however, may have in some cases the opposite results, depending upon the prevailing political climate and the position of the mass media.²⁵

Peter Crampton and Joseph Tracy in a recent study supported a model in which industrial dispute activity is driven by the level of uncertainty over the value added by organized labour under a new contract, and that the shape of disputes will shift toward strikes when the real wage falls during the prior contract and when labour market conditions are tight.²⁶

STRIKES AND THE BUSINESS CYCLE

Several studies have shown that the single most important influence on activity appears to be the expansion and contraction of economic activity within the business cycle.²⁷ The typical pattern of strike activity logically should follow the cycle, increasing after the upswing of the business cycle and falling off after the downswing. Inflation uncertainty and new inflation projections often correspond with a higher level of strike activity.²⁸ Hansen in his 1921 analysis of strike data from 1881 to 1919 concluded that, "*strikes correlate inversely with the business cycle in periods of long run rising prices*".²⁹ Griffen examining strike data between 1881 and 1937 came to the same conclusion in 1940 and stated that increases in business activity were associated with increases in strikes and vice versa. The same author stated that "strikes have continued to oscillate in accordance with two factors. The first is the business cycle which, whether measured by prices or wages, has had a corresponding correlation to strikes. The second is the political climate".³⁰

Griffin, like Yoder in 1938,³¹ Burns and Mitchell in 1946,³² JurKat and JurKat 1949,³³ Rees in 1952,³⁴ O'Brien in 1965,³⁵ Weintraub in 1966³⁶ and Bain in 1976³⁷ found a certain positive correlation between the business activity and strike action and/or unionization growth.

Kennan, more recently, after summarizing such earlier studies concludes that, "*there is persuasive although not conclusive evidence that the frequency and (more importantly and more doubtfully) the incidence of strikes are positively related to general cyclical movements in the economy. There is also more recent evidence that strike duration is negatively related to the cycle*".³⁸

UNEMPLOYMENT VERSUS STRIKES

Particularly connected with the business cycle and the inflation rate, is the level of employment and unemployment. Empirical evidence here worked on has shown that the cyclical trend of the unemployment rate of the European Union countries was found to be a serious factor influencing strike activity.

Albert Rees in a comprehensive paper written in 1952, asserts that, "*strikes occur during periods of rising employment to secure wage increases and other benefits in unionized plants and also to organize the unorganized. Rising employment and improving business conditions offer the unions a variety of strategic advantages: the employer's reluctance to lose his share of the expanding*

market, and his observation of rising wages elsewhere lower his resistance to union demands. During periods of business and employment expansion, employers are softer to union demands because they are afraid to lose their share of expanding market".³⁹

On the other hand, as Rees indicates, strikes drop sharply during periods of falling business activity and rising unemployment. Employees not covered by unions are unwilling to unionize for fear of being easily dismissed. Unionized employees also see their bargaining power diminish, while employers' power is strengthened due to their ability to fill orders out of inventory or make up for lost production after the strike is over.

In periods of falling employment, Albert Rees stresses "*the union may fear that a strike or a granting of economic concession by the employer would damage his competitive position and thus imperil the jobs of some union members. This will be especially true where the employer faces competition from non-unionized employers. Moreover, workers who keep full-time jobs during the early stages of a depression usually get real wage increases without striking. These are produced, on the one hand, by the general tendency of wages to be striking downward, reinforced by fixed-term union contracts, and, on the other hand, by the fall in consumer prices. As the downswing progresses a rising proportion of the diminishing number of strikes represents protests against wage reductions made or proposed by employers*".

In the civil service and the broader public sector, although unemployment does not threaten job security directly, the general climate of depression that prevails under the downtrend of the economy, is more likely to influence negatively trade union decision-making vis-a-vis strike initiatives. Therefore, unemployment appears to have a chilling effect on strike action not only in the private but also in the public sector.

Nevertheless, contrary to the above trends, there may be some positive influence of unemployment upon short-term strike action. This influence is linked to technological changes. This is so, especially in the present times of technological revolution, when whole industrial sectors and occupations have diminished, while others connected with high technology and services are growing. These changes have important repercussions upon activities. When the closing down of factories is followed by massive dismissals, they lead to intense strike action often with violent repercussions.⁴⁰ In this case therefore, unemployment has had the opposite effect, though short-term since it results in strike outbreaks.

UNEMPLOYMENT AND STRIKE TRENDS BETWEEN 1983 AND 1993 IN THE EUROPEAN UNION COUNTRIES

According to the empirical findings based on statistical data shown in diagram I, between 1983 and 1993 in the eleven European Union countries researched,⁴¹ unemployment has generally had a negative influence upon strike

activity. This correlation, at least for the periods where relatively trustworthy statistical data exist, is stronger for countries such as Greece, Ireland, Denmark, Netherlands and Italy. In other countries notably Germany, France, Portugal and United Kingdom, the same correlation is rather loose, while in Spain and Belgium it is almost non-existent (see diagram 2).

A rise in strike activity (which is measured against the most comprehensive and representative indexes of the yearly average days lost due to strike action per 1000 employees), should logically follow the fall of unemployment. Nevertheless, according to the data shown in diagram 1 and 2, this is normally the case.

The diagrams and the table included here are derived primarily from statistical data of "The ILO Yearbook of labour Statistics" for the reasons given in the Appendix. In order to study the correlation between unemployment and strike trends, the data of the eleven European Union countries have been examined because, in their case, there is trustworthy and comparable yearly data of unemployment statistics for years researched. For further analysis of statistical trends and patterns in strike activity, three more countries have been added which were more recently included in the European Union That is: Austria, Finland and Sweden.

A special analytical methodology was employed for the available data in order to present the diagrams and the table included in this paper. The methodology is included in the Appendix at the end of the article, and given in a brief form because of the limited space of this paper.

For some countries, such as Belgium, Netherlands, Italy and Ireland, there is incomplete time series data. In the case of Greece the strike data provided by the "Greek General Confederation of Labour" has been used for reasons which are explained in the Appendix.

Unquestionably, statistical data has comparative and definitional problems.⁴² In some countries for instance, unofficial, unconstitutional or wildcat strikes are not registered, or there is a level under which low number of strikes are not computed.⁴³ In other cases, employees who lose working days from strikes without their consent, or those who went on strike in order to support their striking colleagues, are included in the total number of strike data.

In some countries, such as Greece, political pressure has obliged the National Statistical Service to reduce the statistics for strikes as they had done occasionally in the case of unemployment and inflation indices.

Strike statistics, Hyman notes, "*are an imperfect measure of work stoppages; and that work stoppages themselves are only a partial indication of industrial conflict, let alone the general climate of industrial relations in a nation or an industry*"⁴⁴ As it is said there are "lies, damned lies and strike statistics".⁴⁵ Hugh Clegg, prominent professor of industrial relations, concluded that, "*although comparisons of the number of strikes between industries and*

between countries must be treated with some reserve, comparisons of the number of working days lost present a more accurate picture"⁴⁶ Bearing in mind the above remarks, the statistics are used here in an attempt to describe and explain general strike trends. No one, however can claim that statistics is a substitute for critical insight and substantive knowledge. Yet, when all is said and done, statistics remain a powerful instrument for describing, explaining and evaluating social phenomena.

OTHER NON-ECONOMIC VARIABLES

The different pattern that appears in the correlation between unemployment and strike trends among countries as shown in diagram 2, should be attributed to other variables which apply for the present period of time and for comparable systems, such as those of the European Union member-states.

After reviewing the findings and hypothesis of several other earlier studies already mentioned and considering the present industrial relations trends in Europe, it has been suggested that, the non-economic variables which influence strike propensity, (in addition to the important unemployment fact), appear to be mainly the following:

1. The year of election;
2. Income and tax policies;
3. Inflation projections, profit rises and wage structural changes;
4. Unionization density and strength;
5. Degree of centralization of collective bargaining structures and procedures;
and
6. Political climate, traditions and government policies.

In an election year unions are usually more provocative in their demands and hence there is a higher propensity for strike occurrence in certain cases, however, weak governments headed by ambitious politicians, may be eager enough to accept union demands and thus strikes may be either of short duration and/or remain at the threatening stage.

Strict incomes and tax policies are also likely to encourage strike activity. The same is true in the case of high inflation projections and of profit rises, as well as when the wage structure undergoes only normal wage increases. Unions with high levels of density and strength, and/or unions in the broader public sector of the economy, are more prone to go on strike, and pay less attention to the unemployment situation.

However as most writers agree, in cases of centralized collective bargaining structures and procedures, there is a lower tendency to strike. Finally, in some countries such as Greece, Italy, Spain, and Portugal, the political climate and traditions encourage strike protest action usually of short duration, in contrast to central-north European countries such as Germany, Sweden, Austria and

and United Kingdom. Under political climate one should also include government policies towards unions which, in general, also influence strike attitudes.

For the testing of the above hypothesis on the influence of the non-economic variables mentioned above, in addition to the important unemployment factor, the research work for this paper concentrated on the case of Greece for which there is available considerable first hand information. Thus diagram 3 shows the obvious strong correlation between unemployment and the propensity to strike in this country. Results show that at least for the period 1983-1993, when unemployment rose in Greece, strike activity fell and vice-versa.

Furthermore, when the non-economic variables are considered, it shows that strike activity fell after the 1981 and 1990 elections, but that it rose sharply before and during the 1989-1990 three successive elections, in which time the political climate and the weak coalition government of that period was particularly vulnerable to strike threats and action. Industrial dispute activity also increased sharply during the periods of strike incomes policy between 1985 and 1987.

The political climate, traditions, government policies, inflation, profit rising projections and wage structural changes, appear also to be relatively positive factors for the escalation of strikes between 1989 and 1990. The opposite has been the case with their downward trend after that period.

The above non-economic variables, thus appear to have influenced industrial conflict in Greece in addition to the dominant unemployment factor. As a result the negative correlation between unemployment and strike trends appears to be particularly strong in this country's case.

Unionization density and strength in Greece, is characterized by the fact that it is low in most parts of private industry and relatively high in the public sector (civil service, public utilities, public transport and public banks). Collective bargaining procedures in the country's case are controversial, depending largely upon the state authorities.⁴⁷ These variables appear not to have influenced strike trends to the extent that they may do so, as other countries in other studies previously mentioned have shown.

STATISTICAL FINDINGS AND COMPARISONS

According to Table A (and diagram 4) presented in this paper, high strike prone European countries (measured by the yearly average days lost due to strike activity per 1.000 employees), for the period 1983 to 1993 are the following:

- | | |
|-----------------------------------|------------------|
| 1. Spain (413 days lost per year) | 4. Italy (217) |
| 2. Greece (295) | 5. Ireland (208) |
| 3. Finland (272) | |

Medium - strike prone countries which are closer to European yearly average of 133,6 days lost per 1000 employees, include:

- | | |
|-------------------------|------------------|
| 6. United Kingdom (198) | 8. Sweden (80) |
| 7. Denmark (121) | 9. Portugal (47) |

Low prone strike countries are:

- | | |
|------------------|------------------|
| 10. France (39) | 13. Holland (12) |
| 11. Belgium (34) | 14. Austria (4) |
| 12. Germany (30) | |

The index of the number of strikers (measured by the yearly average number of strikes per 1000 employees) shows little differentiation in (see table A) as follows:

- | | | |
|---------------------------|--------------------------|-------------------|
| 1. Spain (204.2 Strikers) | 6. Denmark (36.8) | 11. France (6.1) |
| 2. Greece (195.3) | 7. Ireland (33.3) | 12. Belgium (4.9) |
| 3. Italy (183.2) | 8. United Kingdom (24.9) | 13. Holland (3.9) |
| 4. Finland (92.4) | 9. Sweden (11.1) | 14. Austria (5.1) |
| 5. Portugal (36.8) | 10. Germany (7.7) | |

Countries standing higher in list of the number of strikers index, in comparison to their relative position in the index of the days lost are: Italy, Denmark, Portugal and Germany. The opposite has been recorded in the case of Finland, Ireland, United Kingdom, Sweden, France and Belgium. For the fourteen countries researched, the average ratio of the same index is 58.6 strikers per 1,000 employees per year.

Also according to table A and diagram 6, countries with a long duration of strikes, (as measured by the index of the yearly average duration of strikes),⁴⁸ successively are:

- | | |
|------------------------------|------------------|
| 1. United Kingdom (7.9 days) | 4. France (6.5) |
| 2. Sweden (7.2) | 5. Ireland (6.2) |
| 3. Belgium (6.9) | |

Of medium duration and close to the European average of (2.2) days lost per year, are successively:

- | | |
|------------------|------------------|
| 6. Denmark (3.3) | 8. Finland (2.9) |
| 7. Holland (3.0) | 9. Spain (2.0) |

The limited duration strike action index includes:

- | | |
|--------------------|-------------------|
| 10. Greece (1.5) | 12. Italy (1.2) |
| 11. Portugal (1.3) | 13. Austria (0.8) |

It is evident from the above analysis that, there is quite a different pattern of industrial disputes among European countries, if one compares the yearly average days lost and the number of strikes index to the "yearly average

duration of strikes". Countries such as Spain, Greece and Italy, although in the top of the list in the case of days lost and the number of strikes, are characterized by medium or limited duration of twin strikes, and thus close to the European average of 2.2 days lost per year (see table A).

On the other hand, countries which show a long duration of strikes, such as United Kingdom, Sweden and Belgium, are included in the list of medium-prone strike states.

In particular it should be noted that, at present Spain appears to be the most turbulent industrial relations system, at least for the period researched, followed by Greece, Finland, Italy and Ireland. On the other hand, in Austria, and the Netherlands, strikes are almost non-existent there.

Diagram 4 shows the evolution of the yearly days lost due to strike activity per 1000 employees between 1983-1993 for each country researched, as compared with the respective European average. It is evident from the same diagram that, there are strong periodic fluctuations of the yearly days lost in certain countries, between 1983 and 1993, notably in Finland, Spain, United Kingdom, Greece and Denmark. The opposite is noted for Austria, Netherlands, France Germany and Portugal.

In general, there has been a reduction of strike activity, particularly during the 1990's - This fact should be attributed primarily to be the persistent increase of unemployment. This trend becomes evident if one studies the evolution of the most representative index on strike action, that is the yearly average days lost per 1000 employees (see diagram 4).

Nevertheless, although the number of days lost to industrial action is diminishing, the average number of strikes in the fourteen European Countries researched is not changing significantly. The same is also true for the average European Union duration of strikes index.

Diagram 5 demonstrates the structure of strikes (as measured by the yearly average of days lost), among the fourteen countries and the period researched, divided into the following two main categories:

- (a) Primary and secondary sector (agriculture, hunting, forestry and fishing, mining, quarrying, manufacturing, construction).
- (b) Tertiary sector (electricity, gas, water, trade, restaurants and hotels, transport, storage, communication, financing, insurance, real estate, business service, community, social and personal services).

Although there might be some considerable statistical errors due to differentiation in data sources and definitions, it is generally found that, countries in which strike activity concentrates on the primary and mainly the secondary sector (above the average of 50%), are successively the following:

- | | |
|-------------------------|----------------------|
| 1. Germany (81%) | 6. Italy (62%) |
| 2. Denmark (78%) | 7. Spain (61%) |
| 3. France (76%) | 8. Netherlands (58%) |
| 4. United Kingdom (73%) | 9. Portugal (54%) |
| 5. Belgium (66%) | |

Strike activity concentrated in the tertiary sector (above the average of 50%), in the case of

- | | |
|------------------|------------------|
| 1. Austria (71%) | 4. Ireland (62%) |
| 2. Sweden (70%) | 5. Finland (54%) |
| 3. Greece (65%) | |

In the latter countries as other studies have concluded there emerges a so-called "*tertiarization of conflict*": the theme here is that the service sector and in particular public services have become the cockpit of conflict, at a time when strike activity in manufacturing is diminishing.⁴⁹

Differences in employment structure and in unemployment trends as well as other non-economic variables noted above, partly explain such diverse patterns of strike structure among the European countries researched.

MAIN CONCLUSIONS

As indicated by several studies analyzed in this paper, unemployment seems to have generally a negative influence on the outcome of industrial conflict. This argument was found to be largely true in the analysis of unemployment and strike data of eleven European Union countries for the period of 1983-1993. The negative correlation between unemployment and strikes, appears to be stronger in countries such as Greece, Ireland, Denmark, Netherlands and Italy, to be rather nebulous in Germany, France, Portugal and United Kingdom; and almost non-existent in Spain and Belgium. (although in Spain there is an overall strong tendency to strike).

This different pattern of strike action among the various countries, should be attributed to the influence of other non-economic variables such as:

1. the year of national elections;
2. income and tax policies;
3. inflation projections profit rises and wage structural changes;
4. unionization density and strength;
5. the degree of collective bargaining centralisation structures and procedures; and
6. political climate traditions and government attitude

The above variables are drawn from extensive examination of the international bibliography on the subject as well as from testing the case of Greece for which first hand information exists. Furthermore, several findings

are also derived from the analysis of strike trends in fourteen European countries researched and then compared to the European average. Spain appears to be the champion in industrial disputes, followed by Greece, Finland, Italy and Ireland. On the other hand, Austria, followed by Netherlands is characterized by the most peaceful industrial relations system.

The above findings are based on the examination of the index: *"yearly average days lost per 1000 employees"* and the *"yearly average number of strikers"*. Yet, there emerges quite different pattern of disputes among the countries researched if one compares the above index to the *"yearly average duration of strikes"*. Countries such as Spain, Greece and Italy, show a most turbulent industrial relations situation. However they are characterized by the short duration of strikes, which are close to the European average of 2.2 days per year. On the other hand, countries with a long duration of strikes, such as the United Kingdom, Sweden and Belgium, appear to belong to the medium prone strike action countries. It was noted also, that in recent years, strike activity in some countries, such as Austria, Sweden, Greece, Spain and Ireland, have been concentrated in the tertiary sector, a phenomenon which has been called the *"tertiarization of conflict"*.

More specifically, the course of unemployment in Greece, seems to have had a negative influence on the intensity of strike action. The data shows that when unemployment rises, strike action drops, and vice versa. In this respect the Greek record seems to support the conclusions searched by various research and studies carried out internationally. It is also confirmed by the record of other countries for the same period of 1983-1993. It is shown that the negative relationship between strikes and unemployment applies not only to Greece, but also to other countries, although there are some variations in intensity attributed to non-economic factors.

Nevertheless, it should be noted that in terms of the countries in the European Union, the average for the period of 1983-93 indicates a clear negative relationship between unemployment and strike activity, which in effect, supports the general hypothesis of this study and its findings.

Strike Statistics in fourteen European Countries 1983 - 93

Countries	Yearly average employment level (in '000)	Yearly average days lost per country (in '000)	Yearly average days lost per thousand employees	Yearly average number of strikers (in '000)	Yearly average number of strikers per thousand employees (in '000)	Yearly average duration of days lost due to strikes (duration of strikes) 1983 - 93
SPAIN	11,705,700	4,832,480	412,831	2,390,270	204,197	2,0
GREECE ^{1,3}	3,638,850	1,073,819	295,098	710,744	195,321	1,5
FINLAND	2,388,700	649,052	271,718	220,702	92,394	2,9
ITALY ^{2,3}	21,236,900	4,604,278	216,806	3,889,650	183,155	1,2
IRELAND ^{2,3}	1,103,060	229,717	208,254	36,824	33,383	6,2
UN. KINGDOM	25,556,400	5,067,600	198,291	638,780	24,995	7,9
DENMARK ³	2,633,480	318,840	121,072	96,943	36,812	3,3
SWEDEN	4,286,500	345,006	80,487	47,723	11,133	7,2
PORTUGAL	4,496,270	213,550	47,495	165,640	36,839	1,3
FRANCE	21,926,370	874,080	39,864	134,350	6,127	6,5
BELGIUM ^{3,4}	3,669,030	123,205	33,580	17,841	4,863	6,9
GERMANY ⁵	28,157,100	851,113	30,227	215,962	7,670	-
NETHERLANDS ³	5,880,900	68,161	11,590	22,902	3,894	3,0
AUSTRIA	3,376,650	13,801	4,087	17,283	5,118	0,8
European Union	140,055,910	18,719,699	133,659	8,204,045	58,577	2,2

Source: Own elaboration of data from the ILO, "Yearbook of Labour Statistics 1994". See also Appendix for an analysis of the methodology used.

1 Strike data for Greece derived from the General Confederation of Greek Labour for reason explained in the Appendix.

2 Average strike data for Ireland and Italy does not include the year 1993.

3 For some countries (Denmark 1993, Greece 1983, Belgium 1993, Ireland 1993, Italy 1993 and Netherlands 1992) data for unemployment was not available in the ILO Yearbook of Labour Statistics 1994 and it was assumed that for those years it reached the previous year's level. The use of other main source than the ILO except for certain cases, was avoided for reasons of statistical compatibility as explained in the Appendix.

4 Average strike data for Belgium refers only to the period 1988-1992 for which statistical information from ILO was available.

5 Data is not available in the ILO Yearbook 1994 for the number of strikes in Germany and therefore the average duration of strikes cannot be calculated.

Appendix II

A NOTE ON THE RESEARCH METHODOLOGY

As previously mentioned, the main source of data for this study was derived from the I.L.O.'s "Yearbook of Labour Statistics 1994". The original source of the same data is mainly drawn by the ILO from the government statistical services of the countries included in the study. For reasons of statistical comparability, the use of sources than other those of the ILO except for certain cases, was avoided.

Our estimates where also checked and compared with Eurostat statistics and publications and especially the "Rapid Reports", "Populations and Social Conditions", and *"The Trends in Industrial Disputes in the European Economic Area, 1983-1992"*. There exists certain differences in statistical data between the two main sources, that is "The Yearbook of Labour Statistics of the ILO and the Eurostat of the EC", although the general trends and findings are rather similar.

It should also be noted here that we attempted to extend our conclusions on data based on a long period of time, that is between 1973 and 1993 but there were many statistical differences and information gaps so that we avoided the issue. Nevertheless, taking into consideration the deficiency in data found, it appears that the negative correlation between unemployment and strike trends for the extended period of the twenty years between 1973-1993, in the sense that, there is very general lowering of strike activity which could be attributed, to a certain degree, to the persistent increase in unemployment.

The extensive and methodological elaboration of statistical data was made in cooperation with my collaborator economist Stefanos Karakitsos, while the data was collected by the young economist Georgia Tsetsou. Many thanks are due to Professor Chris Jeckins for his important observations and contributions to this study.

For Belgium and Netherlands, there is an incomplete time series, while for Luxembourg it is not available at all. The data used for Greece derived from data published by the "General Confederation of Labour of Greece", which develops its information from data reported by the "Greek National Statistical Service". Although the Confederation may have over-estimated some of its strike data, its chronological series and sectoral analysis are usually daily complete, and satisfactory.

Strike data refers to strikes of employees as well as to the lock-outs of employees because in most counties they are calculated together. Any deviation from these calculations is explained in a related footnote in the ILO Yearbook Labour Statistics initial and analytical data.

The mandays lost because of strikes therefore refers to the total number of days lost per year because of a strike or a lock-out that effect and involve all employees directly and/or indirectly. In some cases, workers who have been

involved indirectly in a work stoppage, are not included in the official statistics. Certain countries do not report strikes as a minimum magnitude in their statistics.

A special mathematical method has been used to compare developments in the index of unemployment and strikes. The two indices used, were calculated in a way which facilitates comparison.

The comparison of the evolution of the unemployment rate and days lost due to work stoppage indices, was elaborated after specific mathematical data conversion. The fact that those indices are based on different units (percentages and thousands of days), imposed their conversion to a unique counting scale in order to make possible their illustration on the same axis as follows:

$$X'i = [(X_i - \min X) / (\max X - \min X)] * 100$$

X'i = New score

Xi = Original score

minX = Minimum score of variable X

maxX = Maximum score of variable X

For instance, in the United Kingdom, the following procedure has been adopted.

Year	Original Rates		Converted Rates	
	% unem/nt	Lost Days (σε '000)	unem/ment index	Index of working days lost
1983	12,9%	3.754	100	12,12
1984	11,6%	27.134	81,42	100
1985	11,8%	6.402	84,28	22,07
1986	11,8%	1.920	84,28	5,23
1987	10,6%	3.547	67,14	11,34
1988	8,4%	3.706	35,71	11,94
1989	6,3%	4.127	5,71	13,52
1990	5,9%	1.901	0	5,16
1991	8,1%	761	31,42	0,87
1992	9,9%	528	57,14	0
1993	10,4%	650	64,28	0,45

min 5,9% 528

max 12,9% 27.134

(maximum unemployment-minimum unemployment) = 7%

(maximum lost days-minimum lost days) = 26.606

Thus for unemployment in 1993 we have: $X'i = [(X_i - \min X) / (\max X - \min X)] * 100$
 $= [(10,4\% - 5,9\%) / (12,9\% - 5,9\%)] * 100 = (4,5\% / 7\%) * 100 = 64,28$ and so forth.

The difference between every rate minus the minimum rate of the variable is expressed as a percentage of the variable range. This procedure is useful only for grasping the meaning of proportional up-down swing of these two indices and not for estimating the evolution of their absolute changes.

Furthermore, such a transformation is not necessary for comparisons among different countries, because in this case rate's conversion is not required.

For the correlation between unemployment and strikes as presented in diagrams here, see notes in diagram 1. Also see other notes in table A and diagrams for particular explanations of methodology used.

The absence or the partial presentation of certain countries in the diagrams, is due to the lack of completed time series for unemployment and/or strikes.

The index of the "yearly average of strike activity days per 100 employees" was derived from dividing the number of days lost (in each one country covered by the study) by the total number of those employed in the same year. For certain countries where no related employment data was available, it was hypothesized that, the rates of employment remained about the same or that even if there were some minor differences, they were not of such magnitude which could affect significantly the overall statistical presentation.

The rates concerning the index for the European Union total were calculated on the basis of the data provided by the member-States. Therefore, the index presented does not in this case give the exact average for the European Union, but an approximate one. For instance, Italy and Spain are not included for the year 1992, Belgium is not included for the years 1984-87 and Luxembourg, is not included in any repeated year because, as already mentioned, data simply does not exist at all in these cases.

The index for the yearly average number of strikes per 1000 employees, derived from dividing (in every country covered by the study) the employed of the same year by the total numbers of strikes per year. The same arguments mentioned above also apply in this case.

The index of the yearly duration of days lost due to strike action derived from the following mathematical model:

$$\frac{A/C}{B/C} = \frac{X}{Y} = Z$$

A = Number of days lost as result of strikes

B = Numbers of Strikers

C = Numbers of Strikes

X = Average Total of strike duration

Y = Average participation per strike

Z = Average duration of strikes

Country indices concerning calculations for the above model are subject to the same minor inefficiencies of the available data as mentioned previously.

The structure of strikes has been shown for a) The primary and secondary sector, and b) the tertiary sector. Estimates for each country in the study, concern the particular sector of the economy and the average days lost in the 1983-93 decade. The figures made for diagram 7 were based on those averages. For certain countries as for example Belgium, these averages include only the years for which data was available (1988-1992)

For Greece and Spain, there were a considerable number of strikes which were reported without specifying the particular sector in which they occurred. Therefore, they were considered as strikes of all sectors and were allotted to the percentages established by the different sectors.

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THE POLITICS OF UNEMPLOYMENT IN EUROPE

MAURICE MULLARD

INTRODUCTION

In outlining the priorities for the EU at the Florence Summit in June 1996 the President of the Commission Jacques Santer echoed the view of the late François Mitterand and suggested that reducing unemployment had to become the major policy objective for the Union. Mitterand believed that enthusiasm for the principles of the EU was in decline and had to be regained. Reducing unemployment was therefore essential if the EU was to be of direct relevance to the people of the EU. However, there are major disagreements between the EU strategy for reducing unemployment and that being preferred by nation states. Even at the conference in Florence for example the President of the Commission failed to get agreement to use the projected underspend from agriculture for infrastructure projects, instead nation states preferred to use the funds to reduce their own national public sector deficits. The UK Prime Minister John Major, speaking to The Turning Back Group Conservatives on 3 February 1995 echoed the objectives the Governor of the Bank England. The latter had suggested that the EMU criteria which tended to concentrate on monetary policy had also to include unemployment as a condition for economic convergence. Whilst the levels of unemployment do represent a major policy challenge to Europe the central concern of this chapter is whether unemployment as an issue is likely to become a major political priority for Europe in the 1990s. If the unemployed are not to become a major social excluded category from European citizenship the objective of reducing unemployment must become a major policy objective for Europe.

'During the 1970s, unemployment in the Community crept from 3% to 6%, but then rose to between 10% and 11% from 1983 to 1987. It dipped to between 8% and 9% towards the end of the decade, before rising to 10% again in 1992. To reverse this process will require a fundamental revolution in prevailing attitudes of thought and approaches to economy policy' (Grieve Smith 1994p259)

Within the EU at present there are some 20 million unemployed using the ILO/OECD definition of unemployment - this represents about 12 per cent of the European labour force. The problem of unemployment for Europe is not just the rate of unemployment but the persistence and duration of unemployment. Europe has now experienced continuing high levels of unemployment since the early 1980s. It is estimated that the costs in terms of

unemployment benefits amounts to some 200 bn ECU, the equivalent of the GDP of Belgium. Yet this is an underestimate of the real costs in terms of lost production and loss of tax revenues to government. Furthermore, the levels of unemployment are a major constraint on public finances. On a more global perspective the ILO (ILO 1995) estimates that there are now some 86 million people unemployed - a situation which is both morally and economically unsustainable.

At one level it seems paradoxical that unemployment in the 1990s continues to be a major challenge for Europe taking into consideration the optimism which surrounded the completion of the Single European Act (SEA) in 1987. Both the European Commission and the Cecchini Report (1988) were then able to emphasise that the completion of the Single European Market in 1992 would result in an increase of the GDP of the EU. This increase of 200 bn ECU equivalent to 7 per cent increase of the EU GDP was likely to reduce EU unemployment by 5 million as the Commission noted at the time.

Among the various indicators of success (of SEM), the most crucial today is that relating to employment (Commission 1988 p 166). This view was reinforced further in the Cecchini Report which stated, that 'perhaps most important of all, is the medium term impact of market integration on employment. With its injection of inflation free growth, coupled with a loosening of the constraints on public exchequers in the Community' member states, the European home market of the 1990s raises the prospect, for the first time since the early 1970s, of very substantial job creation' (Cecchini 1988, XIX).

The SEA (Single European ACT) committed member states to the free movement of labour, goods, capital and services. The single market committed governments to removing barriers and subsidies and to allow for increases in trade and competition. Those in favour of the SEM pointed out that this would reduce the costs, to companies in terms of transaction costs bureaucracy and delays. Furthermore the phasing out of state subsidies to industries would provide governments with additional finances which could be used to reflate their economies. Finally, it was pointed out that competition would increase consumer choice, reduce costs and prices and reduce inefficiency.

What is crucial to remember is that the European Commission was aware that the SEA was likely to result in job displacements and re-structuring because of the pressures of competition. However the SEA over the medium term was likely to result in a net increase of 1.8 million new jobs. This figure though would not be sufficient to bring about any significant reduction in the current unemployment figure, since the unemployment rate would fall by only 1 to 2 per centage points in the medium term, (Commission 1988, p162). However essential to the Commission's argument was the added commitment by government to re-direct public expenditures from subsidies to fiscal policy. It was the policy of fiscal co-ordination which was likely to result in an increase of 5.2 million additional jobs.

Asking what went wrong with the Commission's prediction on SEM in 1988 leads to two types of answers. First it might be argued that the studies conducted by the Commission in 1988 tended to be over-biased towards SEM and the studies therefore produced the result the Commission was looking for (Neuberger 1989, Cutler 1989). In this context the studies overestimated the benefits of SEM and did not take into account problems of consumer taste and market fragmentation. Furthermore increased competitiveness was more likely to lead to job losses, the downsizing of companies and labour market re-adjustment. The Commission had tended to assume that people displaced in one industry would be absorbed in another sector. Secondly it might be argued that the Commission was over optimistic on the extent to which there would be political willingness amongst governments to expand their economies through fiscal policies. The Commission assumed that a Keynesian economic consensus still existed when most countries had already embraced the economics of market liberalism and monetarism.

Unemployment since the 1980s has not been of major political concern. Governments have succeeded in holding on to office despite the high levels of unemployment. This has be contrasted to the 1960s and 1970s when increases in unemployment were seen as morally and politically unacceptable. In the 1980s high levels of unemployment became politically tolerable and government became increasingly complacent- unemployment reduction was no longer a major policy objective. Governments became involved in the politics of contentment (Galbraith 1993) which meant that as long as government ensured that they protected or increased the living standards of the working majority the unemployment would not become a political threat.

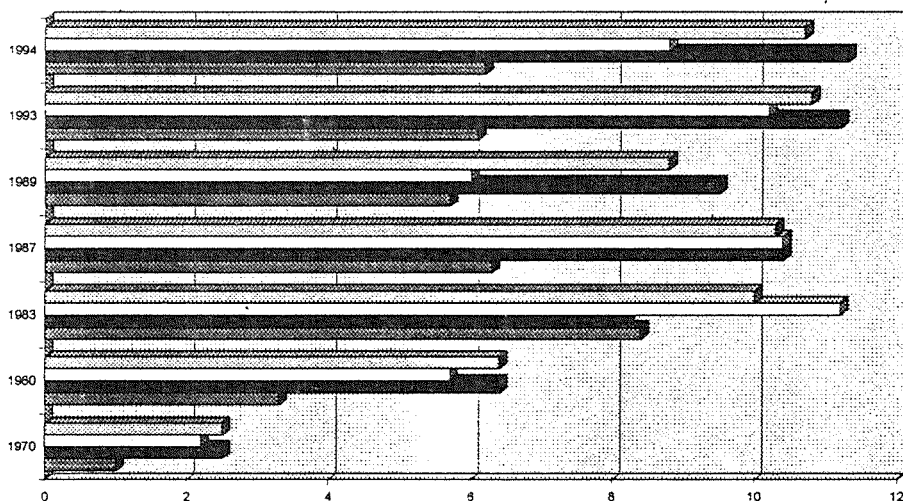
RECESSION AND DEPRESSION IN THE 1980s AND 1990s

In 1996 Germany recored the highest rate of unemployment since 1948. In that year unemployment reached 4,4m. By contrast in 1996, the unemployment rate in the UK had fallen to 2.2 million or 8 per cent of the total workforce. In West Germany between 1973 and 1980 some 900,000 jobs were lost in manufacturing and engineering, and 500,000 in agriculture, whilst the total working population fell from 26.6m to 25.8m. In the UK the shake out of the early 1980s resulted in a loss of 2m jobs in manufacturing. France has endured the longest period of mass unemployment. Here unemployment has not fallen below 10 per cent since the mid 1980s. In 1996 the unemployment rate in France rose 3,3 million which represented 13 per cent of the total workforce despite the fact that the economy has expanded by 2.5per cent during that year. The government of President Chirac elected in 1995 has tried to use capital expenditure on housing, and subsidies to employers during 1995 in order to raise employment fugures. But the policy was revered in 1996 as the government tried to regain control over public expenditure in order to meet the EMU critieria in 1997.

Since 1984 a neo classical discourse has become increasingly the paradigm in Europe. There has emerged a widespread view that Europe. Because of age and tradition, conditions of work were not changing fast enough to meet the challenges of a changing economic context when compared to the more flexible labour markets of the US and Japan. The implicit agenda seems to indicate that Europe needs to expose labour markets to competition and emulate US supply side economics. One often cited statistic for example, suggested that the whilst in the US between 1972 and 1990 real wages had grown by 0.4 per cent a year, real wages in Europe had grown by 1.5 per cent a year. As a consequence it is argued that during the same period the US was able to create 8 million new jobs, whilst in Europe there had been no increase in the labour force participation rates. There is however a small caveat, whilst the US had the most de-regulated labour market and low unionisation during the 1970s the US unemployment rates was continuously higher to that of Europe secondly that the employment gains since 1986 were secured primarily through the proliferation of low paid, low productivity, part time service sector jobs (Applebaum and Schettkat 1991). Accordingly it was argued that unemployment in Europe was the result of workers pricing themselves out of jobs, and what government needed to do was to remove rigidities from the labour market and make the labour market more flexible.

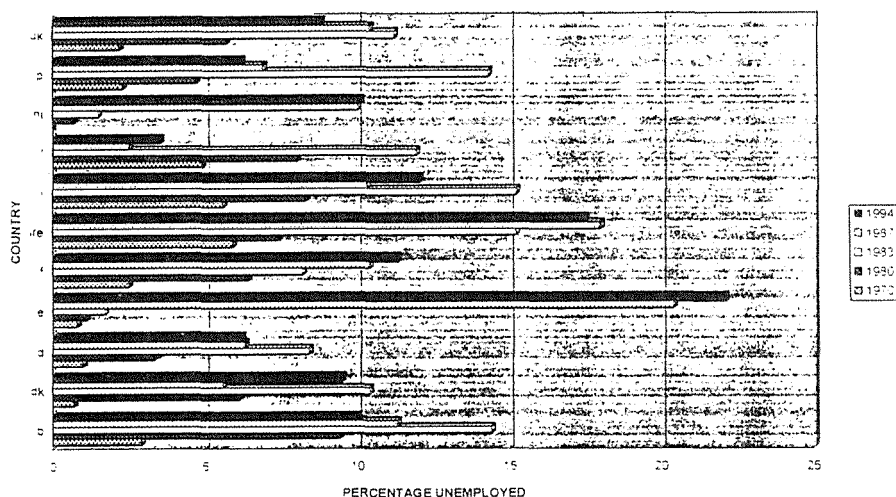
Most countries seem to have accepted the new language of competitiveness. Germany has produced easier rules on unfair dismissal whilst France eased procedures on hiring and firing restrictions combined with reducing unemployment benefits. The Netherlands introduced reforms on redundancy and unemployment benefit cut. Belgium has reduced the period for dismissal notices, In the UK the Government produced a series of trade union reforms, cut back social security, reduced income taxes and emphasised a policy which sought to improve the supply side of labour markets.

Whilst unemployment did increase in most of the EU countries since the early 1980s, there were differences both in the way unemployment was experienced and handled in different countries. UK unemployment in 1982-83 reached 3.3 million or 14 per cent of labour force, whilst unemployment in Germany also increased but not at the same rate - never going beyond 8 per cent. Taking the period 1979 to 1994 into account only Ireland and Belgium recorded higher levels of unemployment than the UK. Whilst all European countries experienced two recessions between 1980 and 1992, the recessions in the UK were always deeper.



Unemployment in Germany France UK and Europe 1974-1994

A number of explanations have been given about the nature of unemployment in Europe. These have included arguments about the relationships between unemployment and wage costs in Europe when compared with the US and Japan, and also the relationship between unemployment and non labour costs. Throughout the 1980s and early 1990s whilst wage costs in the US remained either stationary or declined, wages in Europe continued to expand. In the meantime the US has created more jobs than Europe. Both the EU and OECD have suggested recently that Europe needs to reduce its labour costs. There is however a different lesson to be learned from the US experience. Whilst the European countries continued to reduced their public sector deficits in the 1980s, reducing it by 5 per cent, unemployment in Europe continued to expand, However, the US increased its public sector deficit and also managed to keep employment stable.



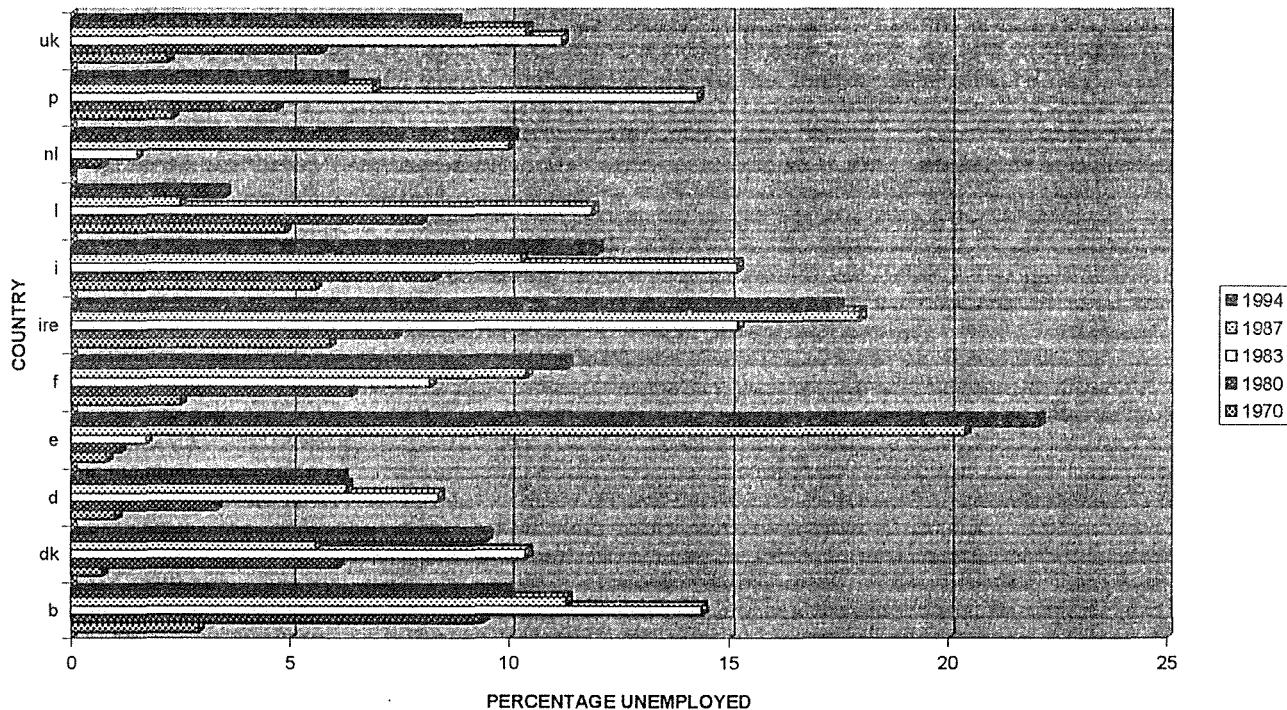
Unemployment in Europe 1970 - 1994

Whilst other studies (Bean 1993) Romer(1993) Teague (1994) have sought to locate explanations of unemployment within the perspectives of New Keynesianism and De-Regulated Labour Markets (Teague 1994) this chapter seeks to outline four major perspectives of unemployment. The major difference is that this paper seeks to draw out the issues of trade unions, collective bargaining and corporatism and into the category of institutional explanations. Other authors alternatively have put these explanations within a New Keynesian perspective. Finally this paper also provides a structural perspective which is separate from the concept of markets and de-regulation.

THE NEO CLASSICAL VIEW OF UNEMPLOYMENT

According to this approach the major causes of unemployment are due to rigidities in the labour market, and governmental inability to provide reforms which are likely to improve both the demand side and labour supply. The Neo-classical view is mainly associated with the work of Friedman and Minford, and the dual concepts of the natural rate of unemployment and the non accelerating inflation rate of unemployment (NAIRU). The argument in a nutshell is that any attempt by government to reduce the natural rate of unemployment is likely to be dissipated in higher inflation. The natural rate of unemployment is not stable but moves according to change in labour costs, and as labour costs increase the natural rate of unemployment is therefore also likely to increase. If the government wants to reduce the natural rate of unemployment than it has to reduce labour costs, such policy however cannot be achieved without a policy that succeeds in curbing inflation, since it is inflation which influences wage bargaining and also increases non wage labour costs.

UNEMPLOYMENT IN EUROPE 1970-1994



DEMAND SIDE

Demand for labour depends on the costs of hiring labour, and these include both direct and indirect labour costs. Direct labour costs include wage costs and employers contributions to social protection. Employers it is argued will hire more labour at lower labour costs and therefore the role of government is to provide a climate in which labour costs can fall. This raises the question of why labour costs rise, which in turn lead to research into the relationship between inflation, unemployment and government expenditure. According to Rational Expectations prospective workers as rational agents, bargain on wages according to the expected rate of inflation. If inflation is likely to rise in the future then workers will bargain to obtain wage increase which offset inflation. Workers as rational agents know that increases in government expenditure and higher levels government borrowing are likely to be inflationary. They therefore bargain for wages accordingly thus offsetting any attempt by government to increase employment through demand management.

Accordingly a neoclassical view demand management policy will not succeed in reducing unemployment since this is likely to be inflationary. Improving the demand side for labour will succeed if there is reduction in labour costs either through falling wages, or higher levels of productivity or lower non wage labour costs. The policy agendas implicitly includes reducing employers costs on national insurance, and reducing taxes, to allow workers to increase their take home pay without putting pressures on wage costs.

SUPPLY SIDE ECONOMICS

Reform of the supply side includes four areas of reform

(a) Trade Union Reform

The *raison d'être* of trade unions is to restrict labour supply since only by restricting labour supply can trade unions influence wages. Government needs to reform trade unions, removing trade union immunities and thereby creating a more flexible labour supply side.

(b) Social Security

High levels of social security payment provide a disincentive to work, and increases the duration of unemployment as workers tend to spend more time in job search. If governments want to reduce unemployment duration then it needs to provide lower levels of social security payments. A typical example of the association between the provision of welfare and employment is as outlined below by Anthony de Jasay in the Financial Times on 20 January 1994 (A vicious circle of social kindness). Unemployment in Europe where the welfare system is more costly per head is twice as high as in the US and many times higher than East Asia.

According to De Jasay the welfare state as a form of social protection is not well explained. People feel that others are paying for social protection, whilst at the margin the cost outweighs the subsidy. Unemployment is born out of social protection and as unemployment increases taxes also increases which

leads to further unemployment. S Brittan has also argued that workers do not take into consideration the social wage in their bargaining with employers. Crossland also argued that attempts to finance welfare expenditures through higher taxes is likely to lead to higher inflation since workers seek to compensate for their losses in disposal income without taking into account any improvements in social wage.

In contrast Ms Vasso Papandreu in her attempt to promote the Social Chapters pointed out that: "We have a moral obligation to set minimum standards in order not to allow market forces or wild capitalism to function at the cost of workers. If we want to have the kind of societies they have in South East Asia, then we should do that openly. But I don't think that's acceptable at the European level" (Interview with FT 29 Nov 91 Greek Socialist Flying workers flag).

DISCRIMINATION IN LABOUR MARKETS

Both gender and race discrimination also influence labour supply and governments need to provide anti discriminatory frameworks which will improve labour supply and also allow wages to fall. The European Unemployment Programme came to the following conclusion in 1987, 'The major problem in Europe is that productivity gains are quickly absorbed into wages and the effect of unemployment on wages settlements is generally weak'.

Europe does suffer from a different degree of labour market rigidities, and whilst prices and wages do change, this is not fast enough to create market clearing conditions for unemployment to fall. Secondly, Europe is more inflation prone due to the wage price spiral. Thirdly Europe is also more vulnerable to external economic environment in contrast to US which is in a more monopoly position.

An examination by Ormerod (1994) on the relationship between inflation and unemployment led the author to conclude that the concept of NAIRU was deeply flawed and that there was at most a very weak relationship between the two variables of inflation and unemployment. For example studies in Europe confirmed that in only three countries was there the anticipated negative sign between unemployment and inflation, and in only one country was the result significant at the 5 per cent level. The studies show also that higher inflation reduces unemployment.

KEYNESIAN DEMAND MANAGEMENT

The core assumption associated with a Keynesian view of unemployment is that unemployment exists because of a decline in overall demand. This argument suggests that since the early 1980s governments in Europe made the control of inflation their major policy objective without thinking of the implications for unemployment. It is an argument which suggests that governments tended to accept the monetarists view which pointed out that

reducing demand through the control of the money supply at no cost output. The move towards EMS convergence in the early 1980s as a means of controlling the money supply meant that countries had to increase interest rates irrespective of the conditions of the domestic economy, which eventually led to higher interest rates and overvaluation of European currencies. The over valuation of currencies in the UK, France and Ireland made these economies less competitive and accelerated the rate of unemployment.

The 1980s also saw the phasing out of Keynesian demand management. The reponse to the oil prices shocks of 1972-73 and 1980-81 resulted in governments pursuing more national economic policies rather than policy co-ordination with a number of countries. The result meant a monetary policy, high interest rates and the downgrading of fiscal policy. Both the UK Labour Government in the 1970s, and the Mitterand Government in France during the early 1980s soon found they could not go for expansion to reduce unemployment.

Commenting on the recession of the early 1980s Layard concluded that policies in the 1980s have therefore tended to be deflationary. Until this deflation of demand is moderated, the hopes for unemployment are poor. For the quickest way to raise employment is to spend more now, and accept that inflation will continue at the present level. (Layard 1986 p33)

The criteria outlined for EMU are likely to lead to further deflation as countries continue to reduce budget deficits and inflation rates to meet the convergence criteria by 1997. This approach to convergence suggests that at minimum, governments in Europe will continue to make inflation their major policy objective without thinking about the consequences for employment. This for the foreseeable future the high levels of unemployment in Europe will continue.

STRUCTURAL EXPLANATIONS

According to this view, unemployment in Europe needs to be located within the wider context of changes in the global economy. This approach points to the limits of Keynesian demand management suggesting that any changes in demand have little impact on structural or 'Hard-core' unemployment (Brittan 1995). One major structural change has been the dislocation in manufacturing, where Europe has lost some 5.5 million jobs since 1981, whilst not being able to repalce these jobs in the service sector. The decline in manufacturing employment confirms that since 1980 EC manufacturing employment which fell from 28.9 per cent of the total workforce to 24.4 percent in contrast to the US decline from 22.8 per cent to 19.1 per cent, and Japan from 25.5 per cent to 24.7 per cent. The study also confirms that the major job losses in manufacturing took place in the UK which lost a total of 2 million jobs which also makes up 40 per cent of the total jobs losses in Europe. Aldcroft (1993) has argued that Europe in the 1980s experienced Jobless growth, in that though the Economies in Europe did continue to expand throughout the 1980s the new prosperity did not lead to increases in employment.

'Jobless growth therefore seems to have been a peculiar feature of the major Western nations. Estimates suggest that a rate of growth of around 2-2.5 per cent a year is required before employment responds positively. Thus on the basis of a continuation of growth rates of around 3 per cent a year, as experienced in the late 1980s, and a labour force growth of 0.4 per cent a year, unemployment levels would continue to remain high, around 6 per cent, through to the mid 1990s. In other words, a return to the former low levels of unemployment of the post-war years would require much higher rates of economic growth than have been the case over the last few years' (Aldcroft, 1993, p235).

In the context of the experiences of the 1990s it would seem that Aldcroft's prediction is rather too optimistic. The author did not predict the recession of the late 1980s. Europe did not continue to experience growth rates of 3 per cent a year, in fact growth fell to 1 per cent a year for the years 1989-1992 which has left Europe with unemployment levels of 10 per cent and not 6 per cent as Aldcroft predicted.

However, the problem with the structural perspective is that it tends to provide a snapshot of the here and now. Peter Robinson (1994) has suggested that most of the structural changes have now been taking place for nearly 40 years. There has not been for example a dramatic increase in part time employment in the 1980s. In fact the expansion in part time employment has actually slowed down in the 1980s when compared to the previous three decades. Furthermore there has not been an expansion in low paid employment, but more of an expansion in the professions and management.

THE STRUCTURAL PERSPECTIVE IS ASSOCIATED WITH THREE BROAD STRATEGIES

(a) A do Nothing strategy. This is an argument which suggests that government cannot influence the global economy. Manufacturing is now firmly located within the emerging Asian Tigers against whom Europe cannot compete. The jobs losses in manufacturing are permanent and Europe has therefore to adjust to this structural change by providing social security benefits to those whose lives have been disrupted. It is an approach which suggests that governments should abandon policies of economic growth since such policies are no longer environmentally sustainable. Furthermore it is an approach which suggests that governments should concern themselves more with redistribution and educating people for life.

(b) Investment in Human Capital by providing training or education to ensure that people are absorbed into new sectors. People who are vulnerable to unemployment are those with low skills. Governments need to provide opportunities for reskilling and the upgrading of skills of the present workforce. Jeremy Rifkin (1995) "The End of Work" has argued that the impact of new

technologies, computerisation, telecommunications, and robotics have made millions of jobs redundant. Retraining in new skills is therefore a myth since the jobs no longer exist.

(c) State promotion of new investment in new technology industries improved European communications including the trans European network supporting high technology projects which keep Europe at the forefront of research.

(d) A social cohesion fund to provide additional funds to regions which experience high levels of unemployment to bring about adjustment and structural change

INSTITUTIONAL APPROACH

There are a number of strands to this approach, but there are a number of core assumptions which seem to constitute the home domain of an institutional perspective. According to an institutional perspective the aim is to explain differences rather than similarities so that although there is a problem of unemployment in Europe the problem is not experienced similarly in all countries. Throughout the 1980s compared to other European countries Sweden experienced very low levels of unemployment. Unemployment in Sweden during the 1980s was similar to the levels of unemployment in Europe during the 1960s. Whilst France, the UK, Belgium, and Italy experienced mass unemployment- UK exceeding 10 per cent of the workforce most of the 1980s, German unemployment peaked at 8.5 per cent.

According to Therborn (1986) the major factor which seeks to explain the divergence in unemployment has been the extent to which the commitment to full employment has been institutionalised within the political process.

The existence or non-existence of an institutionalised commitment to full employment is the basic explanation for the differential impact of the current crisis' (Therborn, 1986, p 23).

Therborn defines an institutionalised commitment to full employment as follows:

1. The commitment to full employment is an explicit policy objective of government. A number of governments produced a series of White Papers in the immediate post war settlement which indicated a serious commitment to full employment (Apple).
2. The commitment of government to use fiscal and monetary policies to counter the economic cycle.
3. To intervene in the labour market to ensure full employment including an incomes policy creating public sector employment.
4. A conscious decision by governments not to use high unemployment as a means of containing inflation.

Korpi (1991) has also argued that the dominance of left parties in government have created 'societal' forms of bargaining arrangements between employers trade and government which have contributed to holding down the levels of unemployment especially when compared to those countries which committed themselves more to free markets and deregulated labour markets.

Layard has for example argued that the reform of trade unions in the 1990s and the move towards decentralised pay bargaining have increased the pressures of inflation. A point taken up by both Robinson (1994) and Metcalf. Layard's argument is that the move towards decentralised bargaining has again rekindled problems to leap-frogging in wage bargaining similar to those experienced in the 1960s and 1970s. Trade Unions are again ensuring through the process of decentralisation to maintain their position in the wages league.

The work of Cormill Drifill (1988) and Freeman (1988) seems to provide supporting arguments for a hump theory of corporatism. Their argument suggests that labour markets have performed better in those economies associated with high centralisation and those which have complete forms of decentralised bargaining. Both models they suggest provide the required flexibility in wages to ensure minimum job losses. In countries which are neither completely market based nor corporatist tend to perform less well. Within these environments neither workers nor employers are committed to the maintenance of full employment. Workers pursue sectional interest through their trade unions - pay bargaining is characterised by leapfrogging and wage drift. Workers seem to accept the axiom of the market without taking into consideration the implications of their actions for employment.

The problem with both these studies is that they seek to give the expression to the concept of corporatism is in place by proving a measure or proxy variable for corporatism. The problem is that corporatism as a concept is associated with a different meaning. It includes ideas of centralisation in wage bargaining but it also includes participation in decision making by strategic groups. Corporatism exists also at many levels, at the level of industry, sector, region or the in macro economy.

The institutional perspective can be described as Keynesian plus Institutional Economics. It is a perspective which recognises that Keynesian economics alone cannot maintain full employment without other policies which seek to deal with wages and inflation. It is a perspective which is associated with the concepts of consensus building, social partnerships and dialogue as being the alternatives to the impersonal workings of the market economy.

THE CONVERGENCE OF LANGUAGE

One of the safest assertions that can be made about the 1980s and early 1990s is that there has been a major shift in economic policy making both at the intellectual and the practical levels. At the intellectual level there has been

a paradigm shift from the Keynesian consensus of the post war to a more market and Neo classical perspective, which has had major implications for evaluating policy options and the making of policy.

This shift in ideas has also had a major influence on policy making institutions at the level of national government, Europe and international institutions. A close study of documents produced recently by the OECD and the EU reinforce to a degree the idea that governments have come to accept the language of the NEO classical, and the view that there is need to deregulate labour markets as the major policy instrument to reduce unemployment. John Grieve Smith came to the following conclusion in his assessment of recent OECD policy prescriptions.

"Much of the play made with debt ratio etc, is really based on antagonism towards the growth of public expenditure as such, and nothing to do with the real problem of public finance. The December 1992 OECD Economic Outlook gave the game away by holding up the present New Zealand government's dismantling of the welfare state as "the leading example of how to improve the efficiency and effectiveness of all forms of public spending". It is unfortunate that this sort of political prejudice from an established international organisation should overlay any attempt to distinguish where, or to what extent, growing public debt could be a significant problem' (Grieve Smith, 1994 page 270).

In their recent study the OCED (1994) urged governments to reduce costs including welfare costs, improve incentives, and phase out subsidies to certain sectors. The OCED seems to have accepted the view that the levels of economic activity and employment are unaffected by fiscal policy and therefore tend to perceive public sector deficits as structural deficits.

The European central bank governors report of April 1993 called for measures to reduce state spending or increase taxes to avoid the risk of overburdening monetary policy. The Report did not seek to evaluate the impact of further reductions in public expenditure or increases in taxes. Instead the report came to the conclusion that the only policy objective was for governments to reduce interest rates that they could only do this if they reduced public sector deficits. The EU (1993) White Paper "Growth Competitiveness employment The Challenges and Ways Forward into the 21" makes the following remark,

"At the end of the 1980s was the economy was growing strong unemployment stood at 12m. The explanations for the rigidity of unemployment are now clear. The relative high costs of unskilled labour is speeding up the rationalisation of investment and holding back job creation in services. This has resulted in the loss of millions of Jobs' (EU, 1993, page 11).

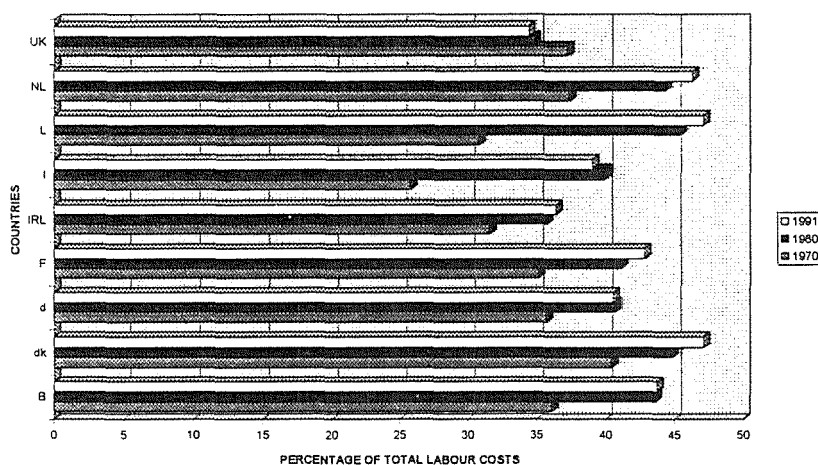
The EU White Paper pointed out that in Spain and Germany growth rates had been in the range of 2 to 3 per cent per annum over the last 15 year yet unemployment ranged between 6 to 16 per cent. In contrast growth rates in UK and France had between 1.8 and 2.5 per cent annum yet unemployment

stayed around 9 per cent. The EU concludes that growth was no longer the solution to unemployment, and that therefore unemployment in Europe was structural.

Furthermore, the EU White paper comes to similar conclusions to the Central Bank Report when making suggestions for macro economic policy. The strain needs to be taken away from monetary policy so that room is made for the reduction of interest rates. Hard core unemployment is among male unskilled workers. The reason for the displacement of unskilled workers is the high cost of labour in Europe when compared with that the US and Japan. Another major element is non wage labour costs in Europe.

(Annual report 1993 of the Committee of EC Central bank governors Bank of International Settlements Basle Switzerland)

Comparison Statutory costs in Europe



Between 1970 and 1991 statutory charges in Europe, which includes taxes and social insurance contributions, increased from 34.4 per cent to 39.6 per cent. In contrast in the US costs remained stable at 29 per cent. In Japan statutory charges did expand from 19 per cent in 1970 to 30 per cent in 1992 but this is still well below the European average. In Europe only the UK has reduced its non labour costs from 37 per cent in 1970 to 34.4 per cent in 1992.

In an alternative language to that of the International Bankers, the IMF, the EU and the OECD, the recent ILO Report argues that the present strategies will continue to have deflationary implications for the global economy with no hope being offered to the unemployed. The ILO argues that the attempts to deregulate markets, the attempts to minimise the role of trade unions and the move away by governments from fiscal policy do not provide the foundations for better employment opportunities. The ILO points to countries which have been more interventionist as having better employment records.

CONCLUSION

In dealing with unemployment there seems to be a widening gap between the rhetoric of policy statements and the reality of policy implementation. Whilst all governments in Europe would agree that unemployment possesses a major Challenge the policy options confirm a high degree of complacency. The determination by policy makers to deal with unemployment does not match the determination to deal with inflation, budget deficits and public expenditure. Governments have adopted deflationary monetary policies without evaluating the consequences for unemployment.

'The deflationary monetary policies adopted in many European countries in the 1980s were the results of the constraints of ERM membership, and they could help to provide an explanation for the rise of unemployment throughout Europe' (Barrell 1994 p35).

In the aftermath of World War 2 governments committed themselves to full employment within a context of a devastated European Economy. At both national and international levels there was the political will to utilise fiscal policy accompanied by commitments to policy co-ordination on exchange rates, and creating social partnerships at the national level which made the commitment to full employment a possibility. By contrast the response to the oil price shock of the 1970s was to dismantle Bretton Woods to move to floating exchange rates and to make individual countries more vulnerable to speculative risk. Within the context of a global monetary economy individuals countries have tended to deflate their economies to avoid speculative risks against their individual currencies.

A commitment to full employment in Europe cannot be achieved through fiscal expansion by individual countries. Both the UK and French attempts to go it alone confirm the limits of such a policy. At a European level policy coordination has to involve the move away from floating exchange rates to a more fixed exchange rate regime. The commitment to EMU could provide the climate for a stable exchange rate regime where countries in Europe will not have to compete in ratcheting up their interest rates to avoid currency speculation. Exchange rate stability together with stable interest rates could provide the framework for fiscal expansion, provided that countries pooled their external balances within a European context.

The arguments for EMU and single currency should not over emphasise the advantages of reducing transactions costs. The question is whether EMU will provide the necessary mechanisms for the co-ordination of monetary policy. A policy which would minimise speculative risks against any single currency and which would allow countries to reduce interest rates and move away from deflationary policies.

Outside Europe there are at least three alternative approaches to reducing unemployment. First there is the US Free market model. The US has a highly deregulated labour market, low trade union density, and a record of high job

creation when compared with Europe. The willingness of the Reagan and Bush administrations to expand budget deficits while encouraging a flexible labour market helped to expand employment participation. In 1995 the US unemployment rate was 6 per cent of the total labour force in contrast to 10 per cent in Europe. One consequence of the US has been the widening wage disparities between the top ten per cent of earners and the rest, and also the lack of improvement in real wages over the last decade. A Second model is offered by Japan with its highly regulated approach to the market economy and the willingness of government (through MITI) to intervene in industry to ensure continuing investment in new technology industries. Japan offers a unitary approach to industrial relations with companies seeking to secure the loyalty of core employees through their employment for life approach. The third model is that offered by the Asian Tigers with their commitment to business corporatism combined with low wages, low government expenditure, and low inflation.

At a European level there are two possible alternatives. First there is the Deregulated market approach associated with the Neo classicals, the model being offered by the USA and the UK. This approach suggests that the priority should be removing labour market rigidities. This implies a strategy for lowering labour costs to make Europe competitive in the context of the global economy. In the UK of the 1990s people are working longer hours for lower wages. There has been major increases in productivity together with a shift from direct to indirect taxes. Non statutory labour costs in Britain have continued to fall over the past decade in contrast to the rest of Europe where costs have continued to increase. Despite these measures the UK has experienced deeper and longer recessions in the 1980s. The flexible labour market has led to easier hiring and firing policies which means that during the early part of a recession more workers tend to lose their jobs although they are reabsorbed early at the beginning of the recovery cycle. The increased casualisation of the labour market means that there is reluctance by employers to invest in the human capital of their employees.

The European model is founded on the concept of consensus building, institutionalised bargaining together with a commitment to full employment. The model of the social market is seen as making a major contribution to the German economic miracle of the post war. Variants of this model have operated in the Nordic countries and attempts have been made in France and the Netherlands to move towards a consensus building model. German unemployment which peaked at around 8.5 per cent continues to be lower than that of the UK, Belgium, Ireland or Italy.

At present the European corporatist model also seems to be coming apart. In Sweden the new Government of Carlsson has come under immense pressure from the financial sector to produce policies which seek to reduce the fiscal

deficit. Since November 1995 the Swedish Governments have announced expenditure for the next three years amounting to £12bn in the hope that the government reduces the PSBR from 13 per cent to 7 per cent. Within the context of EMU the Swedish government will come under pressures to reduce its deficit further if it is to meet the Maastricht convergence criteria. In Germany employees are asking the government to reduce non labour costs. Germany is coming under pressure from the emerging Eastern European states especially from the Czech Republic which has a highly skilled labour force and low wages. Increasingly German employers are moving towards a UK view of competitiveness and are seeking to break with national bargaining and are asking government to secure reductions in the social security budget.

All these models offer only limited lessons. Europe has a tradition of a commitment to state welfare and the incorporation of both business and trade unions in economic policy making. The question is whether Europe in the context of a global economy has inevitably. To compete with the Pacific Rim and Eastern Europe by encouraging workers in Europe 'to compete' through reducing wages and non wage labour costs or can Europe compete and provide employment combined with high quality welfare and high wages?

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MANAGEMENT TRAINING: A DEVELOPING-COUNTRY FOCUS

JAMAL KHAN

INTRODUCTION

This paper seeks to examine the training function in Barbados, specifically the training of executive personnel. It looks at the way in which training is designed, implemented and evaluated. A brief conceptual overview of management development and training is provided. The training function within four organisations is followed through Barbados Employers' Confederation (1988); Barbados Institute of Management and productivity (1990); Caribbean Centre for Development Administration (1983); and the Government Training Centre (1991). Of the four, two are in the private sector (Barbados Institute of Management and productivity, and Barbados Employer's Confederation) and the other two are in the public sector (Caribbean Centre for Development Administration, and the Government Training Centre). The interplay of theory and practice is conducted in relation to training policy, training method and posttraining evaluation. Towards the end of the paper, some general assessments are made and certain conclusions are reached.

House (1978) defines management development as any planned effort to improve current or future employee performance by imparting information, conditioning attitudes, or increasing skills. The definition implies that the results of development must be distinguished in terms of measurable change in either learner states or learner performance. Management development, therefore, includes such efforts as on-the-job coaching, counselling, classroom training, or job rotation. The overall effectiveness of the entire management development process can be affected by employee's ability and willingness to learn, the attitude and skills of his superiors, the abilities of his immediate associates and the nature of the formal authority system. It can, therefore, be seen how important the initial training is that is not only training general staff but also of managers and supervisors. Sikula and McKenna (1984) define training as a short-term educational process. Reilly (1979) defines training as the development of a person's knowledge, skills and purposes for a vocational process. Training is, therefore, a key method by which management development can be achieved.

In the recent times, it appears that education and experience alone are not adequate. Although many seem to accept the value of training in routine skills and techniques, however, they adhere to the view that good

managers/supervisors are born as such, and provided they have sound education, they will acquire the necessary knowledge and skills through experience at work. Training is frequently done for the wrong reasons. People are sent on courses to get them out of the way, as a reward or patronage, by mistake, because the courses form an essential part of the promotion process, to escape from workload and a host of other reasons. Much training is removed, if not divorced, from the work situation. While this does not invalidate all aspects of training, it does present serious problems; e.g. decision-making at a senior organizational level can never be the same in the training environment as in real-life situations. Some critics have a valid point when they complain that so much training, especially in institutions, ignore both the pressures, demands and dynamics of the real-life setting.

There are different types of training. It can be carried out both within and outside formal institutions. Training can take any form, e.g. career development, on-the-job training, departmental training, organizational development, extension training and institutional training. Career development is a process by which an employee is transferred from one job to another in accordance with a carefully-timed programme of sequences so that each of the different experiences makes a planned and constructive addition to the development of an employee's knowledge, skills and work approach. On-the-job training is a consciously provided instruction in the work situation. An employee is assigned to a particular job in a normal working situation and has a more experienced employee supervising his/her activities. This can be carried out at all levels of hierarchy and has the advantage that it can be tailored to the employee's needs. However, the employee assigned to the trainee must be competent and able to communicate his knowledge and skills.

Department training is one that takes place within a department both on-the-job and in more formal classroom-type situations. Courses are usually shorter, tailor-made, situation-specific, specialized and are more involved with particular technical skills. The advantage is that it is less disruptive than other types. Organizational development has more to do with the development and improvement of an organisation as a whole than with the instruction in specific areas of knowledge and skills designed for individual employees. Extension training involves using radio, correspondence and television. The benefit is that it can cover a large number of trainees but it is difficult to organize. It needs a great deal of research, careful planning and continuous commitments. Institutional training is what most people have in mind when they refer to training. The types of institutions, their missions, their functions and subject-areas differ considerably. By and large, institutional training is the easiest form to organize, run and control. It, however, removes trainees from their work environment, placing them in heuristic situations.

TRAINING POLICY

Training policy and planning should accord with the overall development process. For instance, if a country wishes to decentralize the public sector and development activities, the training policy should include the preparation of the target community execute this policy. Programmes should be formulated to show how this is to be done and what process needs to be laid down. Too often, there is absence of or deficiency in a training policy, having little relevance to or ongoing connection with overall objectives.

Training policy decisions should only be reached after a careful consideration of the national policy. Attention must be paid to training at the aggregate national level for several reasons. First, training should be relevant to the achievement of international objectives. Second, training policy and planning should be in accordance with overall national planning. Third, the lack of coordination and communication between the various agencies concerned with training leads to uneconomic duplication and resource waste. Finally, one must deal with the problem of maintaining a degree of consistency or continuity in any training policy.

In an ideal situation, the objectives of a training programme and its consequent design are based on the assessed needs of the personnel and the organisation. In reality, there must be a degree of compromise, with consideration being given to what resources, skills and policy support are available at a given point in time. Choices are made on the basis of not what is best but what is feasible.

The methods used to assess training needs are several. The first is the use of surveys. It can take a variety of forms, e.g. questionnaires sent to people at a certain level requesting statistical or other factual data as to what is needed. Secondly, needs can be assessed by calling together senior executives and personnel managers for planning conferences. The third relates to the establishment of a central analytical agency responsible for helping in policy formulation, and the assessment of training needs. Such coordination should not be burdened with routine matters but should be an agency small in size, be located in a central position in the network and have sufficient authority to ensure cooperation and participation from powerful organizations. Fourthly, use can be made of consultants and specialists through international/regional technical assistance and funding agencies.

The factors affecting the selection and design of new programmes may be summarized to include political motivation and pressure, competition between different establishments, desire to concentrate on the courses which offer the highest prestige, new courses launched because the required resources are already there, and the personal interest element. Let us now examine what happens in reality.

BARBADOS EMPLOYERS' CONFEDERATION

Every year the courses offered are changed. Two methods are followed to arrive at the design and content of programmes. First, an analysis is done of the current business trends of an industry or a particular organization to arrive at the needs. This analysis takes the form of an examination of company records. The trained personnel check what courses have a high response and interest rate and then repeat and modify these courses from year to year. Close professional contact is maintained with the employer to ensure that the in-house programmes are structured to meet individuals needs.

There is a definite policy to avoid being theoretical, and to stress the more practical aspects. Much emphasis is placed on the indigenous organizational behaviour and practices. Efforts are made to place the textbook in real world and to highlight their interplay.

BARBADOS INSTITUTE OF MANAGEMENT AND PRODUCTIVITY

First, we refer to in-house training. When a company comes to BIMAP with a particular need, BIMAP first goes into the company, interviews various key people and subsequently comes up with a programme that is derived from these particular needs. The updating of courses is done constantly by drawing on the experience of the trainers, and by keeping up-to-date with research materials, i.e. books, periodicals, journals, new reports, and so on. In terms of course content, a balance is struck between theoretical exposure and problem-solving orientation.

Secondly, the management training programme offers a number of basic courses, e.g. Fundamentals of Management, Sales Management, Quality Management, etc. It is at the end of each course that the participant gets an opportunity to actively utilize theoretical approaches. The content of these courses centres mainly on the knowledge factor.

CARIBBEAN CENTRE FOR DEVELOPMENT ADMINISTRATION

A real need for the reevaluation of public sector training programmes is underscored by CARICAD. Obstacles are encountered in persuading public sectors of the Caribbean region that research needs to be done on training needs. There is a pressing need for encouragement of career development and functional specialism within the public sector. Negative politics and adversarial partisanship are seen as the barriers in Barbados to linking policy and action. Before any programme is designed and implemented at CARICAD, studies of training needs analysis are done.

CARICAD emphasizes the need for supervisors to know what training is about and what the outcomes might be. The public sectors are being encouraged to set out specific training programmes for particular levels of management,

especially senior management. CARICAD, inter alia, runs a training of trainees programme, since it felt that they need to have an understanding of the running and management of a training programme to fully appreciate the process.

Another constraint encountered is in the indigenizing of training programmes. Within the public sector, managers and supervisors seem not to be receptive to the local training personnel and seem to have more confidence in specialists from outside the region, especially the North Atlantic industrial countries.

GOVERNMENT TRAINING CENTRE

The Centre designs courses which are geared specifically to the public sector. They are based on the experience of the trainers, with an emphasis being placed on practically and applicability of techniques. Although the Training Division's mission is fairly clear, it is not clear if the Training Division personnel periodically check with policy-makers and decide on what training should be offered to facilitate overall national objectives. The content of the GTC courses shows that emphasis is placed on the problem-solving aspects of the public sector.

Analyzing the policy and programme design process leaves one with an awareness that not enough preparation goes into the design process. Although a number of means for analyzing training needs are available, in general only one of these is utilized by the Centre.

TRAINING METHOD

There is a wide range of methods and aids available. Which method is used is largely a question of which method is most appropriate for a particular purpose at a specific time and in certain conditions. There is no one best method and most training programmes benefit from a variety of tools.

Knowledge of the trainees is important in deciding what method to use. If the class contains trainees of widely differing abilities, then methods should be flexible. Available research advocates using the lecture method primarily for young personnel who are fresh out of the educational setting, and discussion and role-playing for the more mature experienced trainees since they do not like lecturing.

The appropriate use of various methods and aids varies according to the nature and objectives of the training programmes. It also depends on the habits, abilities and personalities of the trainers, and trainees, and on external factors, such as finance and the ability to maintain the equipment and materials. A constraint on the use of the different methods, some are aware but not trained in their use, and some are prejudiced.

Generally, managers and supervisors more readily accept methods, such as lecture and programmed learning, which are primarily *instructor-centered* with limited interaction among trainees, than trainee-centered methods involving a high degree of interaction. House (1978) has found that the use of leader-centered techniques is useful in gaining acceptance of management training efforts. Managers claim that trainee-centered discussion tends to be nonapplicable and diffuse.

BARBADOS EMPLOYER'S CONFEDERATION

A variety of methods are offered which only consider the subject-matter to be presented and not the type of trainees. Role-playing, lectures, videos and workshops are the most common method used. Resources from outside the organization and a number of executives who are in the private sector are drawn on heavily. The Confederation recognizes, however, that the optimum method is that of free discussion where experiences are shared.

BARBADOS INSTITUTE OF MANAGEMENT AND PRODUCTIVITY

The Institute states that a stimulating mix of classroom study, seminars and project is offered, with discussion at the end of each course to see what has been learnt. There is no difference between private and public-sector personnel as far as training is concerned. Changing trainee attitudes and perceptions are the Institute's foremost training challenge and most training methods are geared towards this.

GOVERNMENT TRAINING CENTRE

The Centre finds that it is difficult to break free from traditional and, sometimes obsolete, practices. It is all the more difficult to implement innovative ideas. The training personnel recognize that attitudes are not easily changed. However, emphasis is placed on doing so since methods are not as consequential as attitudes, because if there are poor attitudes no method used would be successful. Flip charts, AV aids, handouts, lectures, discussions and role-playing are utilized. Attention is paid to the type of course rather than the nature of the trainee group.

CARIBBEAN CENTRE FOR DEVELOPMENT ADMINISTRATION

In its Caribbeanwide experience, the Centre discerns that lectures are the most accepted method because it is the most long-standing and well-known method. Role-playing and case studies are also used with evaluations being done at the end of the day. The Centre uses regional and local training specialists, and resource persons. Of late, the Centre has produced a management training package of materials which contains cases, texts and illustrations so that managers do not necessarily have to leave the job to receive relevant training.

POST-TRAINING EVALUATION

There are several reasons for evaluating training programmes; e.g. to ascertain whether the programme should be run or not, to find out how it can be improved, and to see if it is achieving its objectives. The assumption that because a training programme continues to attract clients it is fulfilling a useful purpose is a common but false assumption.

Resistance to evaluation can emanate from several sources. Opposition can come from the training staff, who can be sensitive to criticisms. There may be concern about who is to do the evaluation and so on. Criticism may also come from the sponsoring agencies, who have nearly the same concerns. There may be and often are political pressures of one kind or another. There may be resistance from the trainees, concerned about how the evaluations might be used against them.

Evaluations can be costly, requiring skilled personnel, time and effort to effectively prepare the questions and review them. Conceptual courses are harder to measure and evaluate. While it may be possible to assess how much the trainee has learnt, it is very difficult to improve the interpersonal relations among staff members.

Several criteria can be used as indices of change as a result of management development. The criteria include (a) changes in knowledge of organizational goals and objectives, technological advances and management principles, (b) changes in attitude towards the organization, top management, co-workers, subordinates and development efforts, and (c) changes in ability in human relations skills, work skills and work habits. These changes may manifest themselves on the job and result in changes in job performance of the individual and his peers.

Evaluation may take many forms. First, ratings are judgements on ability or performance. Second, questionnaires can be done during a programme at the end or after the trainee returns to work. The anonymity that is guaranteed tends to encourage honest, genuine responses. Third, there are tests or written examinations or performance tests to monitor changes in ability or knowledge. Fourth, interviews and discussions provide verbal evaluation which go a long way towards resolving the problem of misinterpretation. Fifth, there are observational techniques to measure skills, ability, communication and productivity.

BARBADOS EMPLOYERS' CONFEDERATION

Some evaluation is done, mostly on in-house programmes. It is difficult when courses have people from a wide variety of organizations. To have access to an in-house programme, someone who is unknown to the people in the organization visits the organization as a client with a view to assessing its

operations. This is followed by visits by the training officer to assess organizational records and other data. It has been found that, in general, methods have been implemented, especially organization-building approaches.

BARBADOS INSTITUTE OF MANAGEMENT AND PRODUCTIVITY

Evaluation is done for in-house training by going to the organization and talking to the rank and file members and finding out what has changed. Due to the politics of organizations, this can be difficult to do. These reports are given verbally to the business-owner. Often it is found that only a small percentage of the recommendations are ever implemented. It is felt that this is so because senior managers do not themselves come on courses. Therefore, when supervisors try to implement programmes, they tend to be met with resistance and indifference.

CARIBBEAN CENTRE FOR DEVELOPMENT ADMINISTRATION

It has been found that impact evaluation is difficult to undertake. The Centre does not get into impact evaluation. Often, top management does not seem to appreciate what training the trainee is undertaking. While CARICAD sees the urgent need for ongoing evaluation which would lead to reassessment of many programmes, the top-level policy-makers do not seem to appreciate this need as urgent.

GOVERNMENT TRAINING CENTRE

Evaluation of courses is built into the course itself. Participants give reports of what they have learnt. Between six months and a year later, the trainees are brought back to a review seminar. Problems and constraints experienced and opportunities explored are elated. This is a new programme recently implemented by the Centre. So, the results are not available as yet.

GENERAL ASSESSMENTS AND CONCLUSIONS

Given the theory and the actual practices of these training institutions, it is now possible to make some general assessments about management training in Barbados. In relation to training policy, ideally a training policy should accord with overall national policy, having made a careful consideration of the multiple policy areas. This is not being done, even within the Government Training Centre, whose stated mission is to realize public sector's training policy, goals and objectives. The impression is gained that these institutions seem more concerned with offering popular courses without trying to change inimical organizational culture and environment. This negates the specific use of training as a means of organization development.

When it comes to actual course content, there are attempts to indigenize programmes. This is encouraging and it shows that innovation is valued and the need for more practicality is recognized. It appears, however, that these attempts have been slow because of resistance from managers who seem intimidated by returning trainees and contemporary management development skills.

As regards training methods, all the institutions identify the pressing need for more trainee participation in the learning process. Nontraditional means of teaching are being used with limited success. However, other factors besides the nature of the course need to be taken into account when choosing a particular method. More emphasis should be placed on an analysis of the trainee's particular needs.

At all the training institutions resistance to new methods was encountered. How management development and organization development can be achieved without change and innovation in work approaches and relations is not yet clear to the institutions. The impression received is that training personnel themselves are not fully knowledgeable about the variety of training methods nor do they seem to be clear about the link between management training and overall aggregate development.

It is in the area of training evaluation that training in management in Barbados fails to meet the ideal situation. It is lacking in all the institutions. The closest to the ideal and the most innovative is new review seminar recently started at the Government Training Centre.

From our findings we have concluded that in order for management training to have a desirable impact on organization development, a total reevaluation needs to be done. New policies need to be formulated and new strategies need to be put in place with a view to making management training a more coherent process.

The need for management training to sensitize managers and supervisors as to what training should achieve cannot be overemphasized. Without this, any training initiative, no matter how well organized and well carried out, would have no long-term beneficial impact and is likely to lead to further frustration and alienation of trainees.

Training in Barbados seems to be a routine functional activity rather than a means to achieve management and organization development. For example, transfers and promotions are usually devoid of any logical planning and neither training nor experience appears to be seriously considered when positions are filled. The training institutions do not appear to collaborate very often. It is almost as if they want to advocate the courses being run separately. But the courses would exert greater usefulness if they were conducted at forums where ideas and experiences could be shared. While there exists several training programmes offering a wide variety of courses geared towards changing knowledge, skills and behaviour, the hard-nosed planning as well as essential follow-up is not there. Without these, the current programmes are not being entirely effective and useful.

Training not only facilitates organization development but also career development. Training personnel need to extensively interview the potential trainees and examine their working environment, including interpersonal relations, operating problems are identified, genuine employee/trainee needs/dispositions are diagnosed and meaningful dialogue between trainer and trainee is initiated, training will continue to be in part misplaced.

While indigenizing training content is desirable for developing countries, using successful crosscultural training programmes/modules from industrialized countries still has its place. Baradian training institutions need to keep in touch with fast-changing training concepts, methodologies and technologies. Training institutions in Barbados also need to interact with fast-growing nowestern countries, examine their training approaches and methods and start utilizing them where possible and desirable.

Much emphasis is being placed, and quite rightly, on the practical operational aspects of training - the imparting of transferrable knowledge and skills. This is demonstrated forcefully by all the training institutions. Yet, in numerous instances, it is the employees' attitudes that are at fault, especially in the public sector. This is not being vigorously addressed in training sessions.

The need for posttraining evaluation cannot be stressed enough. Findings need to be collected, documented and finally analyzed. Yet not enough top-level appreciation concerning the need for such evaluation and the consequent payoffs is in evidence in the country at the moment. The training institutions clearly are not doing enough, though there is no underestimating the attendant difficulties of the process. A variety of evaluation methods are in existence and yet in Barbados these are not being utilized even on a periodic basis.

The institutions' outreach programmes; interacting with the various components in the greater environment, are generally well-established, given financial and human-resource limitations. The outreach programmes, operating under several constraints, cater to the target community in terms of skill acquisition and development, retooling, retraining, preservice training, midservice training and hands-on training. Yet, the institutions' initiatives in the field of research, documentation and publication - dealing with such areas as organization/management development, policy, planning, information processing, human resources, materials control, finance, budgeting, marketing, accounting, production, operations, programme, project, innovations, evaluation and measurement - are as yet rare or nonexistent.

The entire training initiative seems to fall short of societal needs. It appears that training exists and operates somewhat in isolation from the development process. It seems that the training institutions are uncomfortable with either in-house or external evaluation. Perhaps, there is the concern that negative evaluations might put the institutions and their programmes in a less favourable light. There might be other concerns - the finding that training is not achieving

what it was designed to do - which could be discouraging and a setback to institutional funding and expansion. Such considerations seem to stand in the way of evaluation, disabling the institutions to learn from criticism, disappointment and failure and holding people back in development activities.

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STANDARDS IN PUBLIC LIFE

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Most liberal democracies, especially countries in the commonwealth with British traditions, are proud of their high standards in public life. Their systems of government have been developed with considerable care. Citizens in general have high expectations of their politicians and officials, and their expectations have usually been met. The occasional *cause celebre* has had a salutary educational affect in terms of drawing attention to dangers to be avoided, often in leading to the introduction of new procedures or safeguards, and also a contributory factor in the education of citizens about their systems of government, through focusing attention on what standards to expect and what to condemn.

Leading politicians, officials and writers have contributed to this reputation by emphasising the high standards achieved and expected. For example, in his 1993 evidence to the United Kingdom's Treasury and Civil Service Select Committee, Lord Callaghan said of the British civil service the 'It really is a bulwark of the constitution. One only has to go to any other country and to see what happens when the Civil Service is not a bulwark, when it does not have the traditions of our Civil Service';¹ and Laby Thatcher in her book *The Downing Street Years*, sa 'The sheer professionalism of the British Civil Service, which allows governments to come and go with a minimum of dislocation and a maximum of efficiency, is something other countries with different systems have every cause to envy'.²

These high standards were advanced by a number of conventions, processes and procedures that were developed over long periods of time and that became particularly important in the context of the so-called unwritten features of a constitution. Also carefully designing the machinery of government, by statements made of the purposes of our insitutions and, in more recent times, by codes of practice. But perhaps most important of all, they have arisen from a complex amalgam which social scientists often refer to as socialisation. In this context this refers to the impact of a variable combination of education, unstructured learning, observation, and experience of life. People know what they ought to do, and what should be expected of others, from this important combination, and from their own reflections about it. A good example of this in practice, using terminology which reflected his own classical education, is the statement made by Sir William Armstrong in 1969, when, as Head of the Civil Service, he was being questioned on television about his personal attitude

to exercising the considerable power he had. He explained that for him, being accountable to oneself was the greatest taskmaster. He added: I am accountable to my own ideal of a civil servant'.³

The position from which this lecture begins is therefore that high standards have been expected in public life, and to a considerable degree those standards have been achieved - or, at least, there is a widespread belief that they were being achieved. Politicians and civil servants, as individuals or as groups, may not have been noticeably popular, and they may have been good subjects for caricature; but they have been largely trusted, thought to have been decent, and motivated in the direction of the public interest rather than satisfying their personal or private interests. When compared with other countries, our own experience of standards in public life has usually been reflected in feelings of relief, gratitude for our apparent good fortune, and a belief that, on balance, we are not really being badly served.

In recent years, however, the position has changed. There is less reason for contentment and no reason for complacency. People look back on the events of nearly thirty-five years ago, recall that, in the United Kingdom, John Profumo resigned from the Government and Parliament because he was found to have lied to Parliament, and they reflect that his action in resigning would not be easily found in similar circumstances today. MPs have been exposed for accepting money to ask questions in the House of Commons, but they have not resigned their seats. There appears to have been an increase in the number of cases of officials found guilty of corruption. There have been numerous examples of standards being lowered in the provision of services, and in the ways of assessing and measuring services. The idea of upholding public service above private or sectional interests is no longer a revered feature of public life. Indeed, as Fergus Allen, formerly a First Civil Service Commissioner, recently put it: 'Impartial public service is a concept to be praised from the platform but laughed at in the cocktail bar'.⁴ It is, perhaps, an important sign of the times. As a result there have been two significant institutional developments confirming that all is not well. A standing Commission, under Lord Nolan, has been created to consider and make recommendations about standards in public life,⁵ and there has been an unprecedented major public inquiry by Sir Richard Scott into the export of defence equipment and dual use goods to Iraq.⁶ This inquiry, in particular, revealed contemporary details of the way government works so that any responsible citizen is now likely to be very anxious about current and future standards in public life.

For the purposes of this lecture it should be emphasised that the Scott Report has made available more detail about the working of government than any previous public inquiry. Other inquiries, even those set up in accordance with the provisions of the 1921 Tribunals of Inquiry (Evidence) Act, have not been so revealing, nor have they presented so many judgments and considered comments on administrative practice.⁷ However, the starting point as far as the Scott Report is concerned, will not be the purpose of the Scott Inquiry but its unprecedented revelations about

standards in public life, including aspects of ministerial responsibility and the abuse of power. This will be followed by comments on the machinery of government, and ethics in the practice of government. The lecture will end with some personal comments and reflections.

In the final paragraph of volume one of his Report, Scott, summarising the Government's attitude to policy on defence exports to Iraq, says that statements made in 1989 and 1990 'consistently ... failed to discharge the obligations imposed by the constitutional principle of ministerial accountability'⁸. His Report is peppered throughout with observations about ministers and civil servants failing to comply with these obligations, and although at first sight the Scott Report appears to have drawn attention to weaknesses in the practice of the key doctrine of ministerial responsibility, there is a sense in which the report in fact re-emphasises its importance. Throughout the report there are numerous examples of the ways the behaviour of officials is conditioned by this doctrine. The evidence makes it absolutely clear that the doctrine - which requires ministers to be responsible for all actions carried in their name by their officials - is still of fundamental importance in the British system of government. Of course, any student of public policy knows that it is a doctrine of much more significance than the more sensational press reports suggest: popular newspapers sometimes find it easy to state its lack of practical relevance, citing the apparent absence of ministerial resignations as evidence. Students of public policy, and discerning citizens, know that there is much more to the doctrine than the press and other media commentators might have us believe. In practice, this doctrine, or constitutional convention, permeates the daily decision making processes in all government departments. This is always evident where officials have to be aware of the politically sensitive implications of any decision they may make, even where it is an apparently routine nature.

In recent years the doctrine of ministerial responsibility has been undermined by politicians. There have been occasions when ministers have not been prepared to accept public responsibility for the consequences of decisions they approved or that were made in their name. An outstanding example of this - in my opinion a watershed in the history of ministerial accountability - was in 1972 when Mr John Davies, as Secretary of State for Trade and Industry, told civil servants who had been criticised by the Vehicle and General Inquiry, that they could speak publicly in defence of their position if, as he put it, 'they considered that it was in their best interest to do so'.⁹ This was contrary to any reasonable expectation of ministerial responsibility and, indeed, could have led to his officials becoming public figures and the redundancy of ministers, but Davies's statement was not even challenged by the Opposition in the House of Commons. A second example occurred in 1985. In oral evidence to the Treasury and Civil Service Select Committee, Mr Alistair Graham, then General Secretary of the Civil and Public Services Association,

was being questioned about the duties and responsibilities of civil servants and ministers. When he was being pressed strongly by Mr Ralph Howell MP, Graham replied by asking Howell what he thought a civil servant should do if he was being asked to play a role in misleading, or publicly lying to, Parliament. Howell replied: 'Since that has been happening ever since Parliament has been, I cannot see what you are getting fussed about'.¹⁰ It seemed extraordinary that an MP should make such a statement in public, but it was even more extraordinary that the statement did not receive a rebuke or comment from the Committee Chairman or any other MP present. The serious implication was that they accepted the statement as accurate in reference to the conduct of ministers.

The Scott Report reveals more examples, both about the willingness of ministers to circumvent the requirements of ministerial responsibility and more widely about the decline in constitutional propriety of the relationships between ministers and civil servants. They reveal that civil servants are equally culpable as their political masters for this decline. Three examples illustrate this.

One of the Ministers of Defence in 1985 was Mr (now Sir) Adam Butler, and he made it clear to his civil servants, on more than one occasion, that he wanted to be kept informed about decisions of Interdepartmental Committee on licensing exports to Iran and Iraq, so that he could pursue matters himself if he wished. In particular he wanted to see details of license approvals before the information was passed to the Department of Trade and Industry or to the companies concerned. His civil servants, however, effectively prevented this by presenting the information so late that, as Scott put it, 'The Minister was being presented with a *fait accompli*'.¹¹ Scott later added: 'I do not understand how Mr Dawson (a civil servant) could have thought it right to dispense with Mr Butler's approval of the proposed procedures.'¹² The Minister, it seemed to Scott, was not aware until some time later that he had been effectively denied the opportunity of challenging the Interdepartmental Committee's decisions, and as soon as he became aware, he had the position remedied. The fact remains, however, that civil servants were expressly ignoring the Minister's instructions and gave him no time to intervene in decisions before they were announced. The reason for this surprising disregard of the authority of, and accountability to ministers, was that civil servants were placing greater emphasis on increasing defence sales than they were on carrying out the minister's instructions and getting ministerial approval of licensing decisions. Civil servants also seemed to be adopting a cavalier attitude to the requirement for consultation. There is, in practice, so much difference between consulting, on the one hand, and presenting information, on the other, that failure to actually consult the minister resulted in an unauthorised change in the power base for decision making from ministers to officials.¹³

A second revelation in the Scott Reports concerns the abuse of power by successive governments from the end of the Second World war until December 1990, in the using of emergency powers, intended only for the duration of the emergency, contained in the Import, Export and Customs Powers (Defence) Act, 1939. This resulted in controls over exports for reasons of administrative convenience and political expediency by the 'convenient fiction' that the wartime emergency was continuing. Officials and politicians, Scott discovered, were aware that this was a misuse of power but nevertheless continued to make decisions on that basis. Scott made his reaction perfectly clear by saying that this was 'a continuing abuse of power'.¹⁴

Sadly, it is appropriate to recall that at least one other example could be given of using powers intended by Parliament for one purpose, for a quite different purpose. When the Civil Service Department was created in 1968 it was established not by an Act of Parliament but by an Order in Council.¹⁵ 'The Minister for the Civil Service Order' (No 1656), was promulgated in pursuance of the Ministers of the Crown (Transfers of Functions) Act 1946. However, that Act was intended to rationalise functions between departments in post-war conditions, and Parliament was specifically told at the time that it could not be used to set up a new ministry.¹⁶ Of course, ministers and officials could have argued that it was in accordance with ancient precedent to regulate the Civil Service of the Crown by Orders in Council, and the effect was the same whatever the ultimate basis of authority was. However, the fact remains that a new ministry was set up by a procedure of very dubious propriety.

These examples should be enough to indicate that, in terms of constitutional conventions and formal organisation theory alone, standards have been by no means as high as is popularly thought. Any examples of setting aside ministerial responsibility, and the abuse of power for administrative convenience or political expediency, are extremely worrying in a system of government which is popularly thought to be above such tactics. Indeed, the examples seem more likely to have come from a developing country with little experience of constitutional government or liberal democracy than from the United Kingdom, with its long respected traditions of high standards in the practice of government. Nevertheless, the details presented here are soundly based on incontrovertible evidence. Anxieties are even more serious when the present British Government's plans for future of its recruitment agency; recruitment and Assessment services, are considered as an example of changes in the machinery of government.

Recruitment and Assessment services (RAS) was created as an executive agency of government in 1991. Its primary aim was 'to be the most cost-effective centre of excellence in the recruitment and selection services working in the public sector'.¹⁷ As an executive agency, it was an example of implementing the proposals in the Next Steps Report of 1988.¹⁸ That report made

recommendations for delivering government services more efficiently and effectively within available resources, for the benefit of taxpayers, customers and staff. In particular, it said that government activities were too big to be managed as one unit, and freestanding agencies should be created to carry out specific activities. In 1991 the Government therefore abolished the Civil Service Commission, replacing it with RAS and a small office, known as the Office of the Civil Service Commissioners. The Commissioners continued, but with reduced responsibilities, and much of the continuing operational work of advertising vacancies, and running the selection competitions for recruiting staff became functions of the new RAS agency.

This work had a long and distinguished history. In the nineteenth century there was considerable public concern about the inefficiency of government departments and the problems caused by patronage as a survival of aristocratic privilege. This led to a number of inquiries into the work of individual government departments and, later, to what amounted to a concluding report by Sir Stafford Northcote and Sir Charles Trevellyn. In their famous report, published in 1854, two of the most important proposals were that open competitive examinations should replace patronage, and that the examinations should be conducted by an independent body of examiners.¹⁹ These duties became the responsibility of the Civil Service Commission, first set up in 1855 on an experimental basis, but confirmed on a more effective and permanent basis, from 1870. It became a requirement that anyone appointed to a permanent position in the civil service should have a certificate of qualification from the Commissioners.

The system of selection by open competition proved to be very effective, was highly regarded and copied by other countries. After the Second World War the Commission developed the selection of graduate entrants through a specially created and subsequently world famous Civil Service Selection Board.²⁰ All of this was done by the Commissioners and their staff to high standards and with great distinction. The result was that the Civil Service Commission and its Civil Service Selection Board became, in the recent words of Lord Bancroft, a former Head of the Civil Service, 'the envy of the world', and 'open competition supervised by an independent body itself protected against interference from any quarter, has been the bedrock of Civil Service standards for more than a century'.²¹

Since 1991 RAS, as an agency of government, has had to compete with commercial organisation for contracts from departments to select their staff. This was because devolution of recruitment to departments meant that over 3,000 recruitment units had been created, and for many categories of jobs RAS had no protected right to run the recruitment schemes. Some departments did their own, others contracted out the work, or parts of it, to firms of consultants. The Commissioners were still responsible for monitoring recruitment according

to the principles laid down by the minister for fair and open competition, and they have been doing this in what has been referred to as 'light-handed, economical and systems-based manner'.²² RAS meanwhile developed a consultancy service to advise departments on their devolved responsibilities, using the considerable expertise and experience it had of public service recruitment.

On 23 November 1995, by an arranged question in the House of Commons - and in terms of channels for the announcement of a public policy you can't get much lower than that - to which the Government responded with a written answer, it was revealed that the Government intended to sell RAS. Later, on 25 January 1996, Earl Howe explained in the House of Lords that the Government's policy on this issue began 'from the premise that the administration of a recruitment service ... is not a task which needs to be undertaken by government'.²³ It was also announced that till the service was privatized staff would, in principle, be able to apply for other posts advertised within the civil service, subject to the agreement of line management that they could be released. However, a news release from the Office of Public Service has recognised that, in practice, staff might find it difficult to secure this agreement, because in order to maintain the viability, and presumably achieve the saleability of RAS, staff will have to be sold as one of its main assets. It therefore seems that most RAS staff will have no alternative to ending their public service careers. It remains to be seen what happens to this sale in the next two or three months, but whatever happens to RAS, the arrangements for recruiting civil servants have been made changed fundamentally in the last few years. Some attempts have been made to preserve the standards for which, in the past, the Civil Service Commission achieved such widespread recognition. In particular, the Commissioners issued a Recruitment Code in 1995;²⁴ but whether this will be sufficient to maintain the high reputation of civil service recruitment will only be evident after many more years (i.e. when new recruits have had the chance to achieve the most senior positions in departments).

The reason for focusing on the recent history and the proposed sale of RAS is that it indicates the importance of machinery of government arrangements for ensuring high standards in public service. Already there is no central office with overall responsibility for advertising, processing applications, selecting candidates and allocating them to departments. Most of this work is now done by departments themselves. However well drafted the recruitment Code may have been, it is unlikely to ensure that the previous standards are applied in so many devolved units, and there is already a considerable amount of anecdotal evidence suggesting that the efficiency of recruitment procedures is no longer as good as it was, and good graduates are being discouraged from applying for some of the most important competitions. Moreover, it is very difficult to explain to friends and colleagues, especially in other countries, why the Civil Service Commission, previously so widely admired, has now been abolished and RAS is being sold.

The issues associated with the Civil Service Commission and RAS are more important than other topics in the machinery of government. This is because the recruitment processes, for which they were responsible, played such a major role in eliminating patronage and improving the overall efficiency of government departments. Their greatly admired achievements were, in fact, to recruit people both of merit and who were motivated to public service. There can be no guarantees that a commercial organisation, recruiting civil servants on a contract basis, and as only part of its activities, will be able to perform a comparable service—however good the Recruitment Code is that guides the work and however effective the light-handed monitoring procedure may be.

Many other examples could also be given of the importance of high standards when designing or re-structuring government departments and their associated procedures. For example, at the present time questions are being asked in the United Kingdom about the possible conflicts of interest in the Ministry of Agriculture, Fisheries and Food, when dealing with the problems associated with bovine spongiform encephalopathy (i.e. mad cow disease). Can such a ministry be properly effective when looking after both food hygiene interests and farming interests? What structures are best suited to resolving conflicts between government departments in matters like the exporting of defence equipment and dual use goods, especially where, as in the case of Iraq, three government departments were involved with interests that were by no means the same? In relation to these and similar questions it is important to have clear understandings of what the purposes of particular organisations are and how their purposes may be best achieved. These are as much matters for the attention of students of public policy and for responsible citizens as any more salacious aspects of the behaviour of particular individuals in public life, though those elements also have important parts to play in the widest approach to this topic.

The third area of the subject to be briefly considered in this lecture is ethics in the practice of governments; but as time is limited, two examples only will be introduced. Ethics in governments is such a very broad topic that these examples can do no more than indicate the sorts of themes worth pursuing further. The two examples are first, lying, including being economical with the truth; and secondly, openness and embarrassment.

First, as far as the acceptability of lying is concerned, much depends on such factors as the values of society, including some of the most important principles of the systems of government, and the interests being held in the balance when a decision has to be made about the over-riding interest or goal to be pursued, and other interests to be subordinated. There is a significant literature on this subject, including the major works on lying and secrets by Sissela Bok,²⁵ but there is no time even to mention the many themes that should be explored. However, one of the matters examined so well by Bok is

the relationship between lying and the duty felt by individuals to protect their secrets, and it is this link which will be considered here because the two themes come together so well and so provocatively in the evidence to the Scott inquiry.

Lying was significant in the controversy over exporting arms to Iraq because of its political perspectives. Again and again in the Scott report politicians and officials were making decisions for reasons other than the reasons they were stating. In the 1980s the United Kingdom Government was trying to maximise its sales of arms but at the same time presenting itself not only as not assisting Iran or Iraq in their hostilities, it was also claiming to adopt an even-handed and impartial approach to the two countries. This led to the development of guidelines for deciding export licence applications. The guidelines were carefully drafted, and the key criterion, on which licence applications were considered, was whether new orders for any defence equipment would 'significantly enhance'²⁶ the capacity of either side to prolong or exacerbate the conflict. These guidelines, and in particular the key criterion that is, significant enhancement, as the former minister Mr Alan Clark explained, an ideal Whitehall formula. He said the guidelines were:

'imprecise, open to argument in almost every instance, guaranteed to generate debate, if not dispute between different Departments (thus generating much paper, sub-committees and general bureaucratic self-justification). They were high-sounding, combining it seemed both moral and practical considerations, and yet imprecise enough to allow real policy an override in exceptional circumstances.'²⁷

These policy guidelines had the quite extraordinary result of allowing policy to change, though interpretation and flexible implementation, while ministers claimed that it had not changed. From the perspective of this present discussion it is not the guidelines or their interpretation that will be considered but the complex reasoning and attitude of politicians and officials to the democratic environment. It may be argued by people expecting integrity in public life that if we are prepared to sell arms to anyone who wants to buy them, including tyrants, we should be prepared to say so and defend the policy. The alternative, involving an elaborate pretence, seems intended to convince, or keep in the dark, gullible or ill-informed citizens, though it may never convince people with insider experience, or who have studied public policy.

What is so serious about this is that it is contrary to parliamentary expectations and offensive to citizens. As Scott has reported, the obligation to be forthcoming with information in answer to Parliamentary Questions lies at the heart of the constitutional principle of ministerial responsibility.²⁸ Instead, what was revealed to the inquiry was that the Government's policy was being concealed, as Scott put it, 'from Parliament and the public, while at the same time repeatedly professing a defence sales policy that was impartial and even-handed'.²⁹

This conveniently leads on to comments about openness and secrecy. The Scott Report sheds new and unattractive light on this. As with other topics touched on all too briefly in this lecture, there is a large and well established literature on openness and secrecy.³⁰ Much of it is highly responsible - for example, in drawing attention in a democracy to the need for openness in order to hold a government fully accountable for its actions, and to assess the validity of actions taken; but at the same time recognising that there are occasions when confidentiality and secrecy have to be respected in the public interest or in the private interest of individual citizens. No where, as far as I know, is there a proper defence of secrecy on two of the grounds found by Scott to have been applied in practice. One of these was embarrassment: the evidence indicated that Public Interest Immunity certificates were being signed by ministers to suppress and keep from disclosure documents which, if disclosed, would be an embarrassment to the Government.³¹ The other is the attitude to publicity revealed in the Foreign and Commonwealth Office. The Assistant Head of the FCO Middle East Department wrote that '... if it becomes public knowledge that the tools are to be used to make munitions, deliveries will have to stop at once', and that the companies 'must renounce publicity and lobbying for their own good'. Scott interpreted this as accepting 'that public pressure may cause the reversal of an administrative decision (presumably a decision believed to be a correct one) and implicitly, that possibility is a good reason for knowledge being withheld from the public'.³² The implications of this were made even clearer, when Mr Barrett, a Ministry of Defence official, said 'the public would not understand',³³ and when Lord Howe agreed at the Scott inquiry that it was a 'Government knows best approach'.³⁴

This sheds new light on a phenomenon widely mentioned in studies of public policy making. One of the most sensitive constraints on civil servants in a liberal democracy is 'embarrassment' - which it is thought necessary to avoid at all costs. Anthony Sampson explains embarrassment as a word which signals the dreaded intrusion of the outside world.³⁵ In most cases this may, in the past, have been thought of as no more than inconvenience and additional expense when the administrator's carefully considered policy, conscientiously made in the public interest, is interrupted for reasons that official minds believe to be ill-informed or misguided. In other cases this may, in the past, have related to policy matters becoming sensitive in the context of partisanship controversy; and to officials loyal to whatever government they are currently serving, this, too, is inconvenient. Nowhere, as far as I know, has it ever before been related to concealing a policy from Parliament and the public because actual policy was contrary to the publicly professed policy of defence sales on a basis of impartiality and even-handedness.³⁶ Information about this was in fact legitimately requested through the normal parliamentary procedures but Scott found that it was being denied for the spurious reason of commercial

confidentiality, when it could easily have been provided without breeching any such confidentiality.³⁷ This was a serious denial of what Scott corrently referred to as 'the right of Parliament and the public to be informed of and to require Ministers to account publicly for the manner in which public money is being utilised'.³⁸

After this survey of some of the key issues raised, by the Scott Report and elsewhere, about standards in public life, it is now time for some personal comments and reflections.

For most of my life I have been a student of politics and, in particular, of public policy making with special reference to the United Kingdom. After some initial scepticism, I acquired a considerable respect for the politicians and civil servants I studied. Some of this respect was inspired by my teacher and friend Professor Bruce Miller, whose inaugural lecture was in praise of studying politicians. Miller noted that there was

'an incurable human tendency to blame somebody for the unpleasent things in life; and since politicians always claim credit for any good which occurs, it is reasonable that they should take the blame for the bad. It is also true that they sometimes tell lies and mislead the public ...(but, he said) I think we should take more account than we do of the indispensable functions which the politician performs in a free political culture. If we want a free political system, we cannot do without him'.³⁹

Comparable comments may be offered about civil servents. They, too, are necessary in a liberal democracy; and, though they can sometimes be infuriating and dilatory, and may also have other defects of bureaucrats, studies of past officials, especially in the United Kingdom, have generally shown them to be able, well-motivated, decent men and women, whose primary concern was to serve the public interest, through the administration of the policies of, or approved by, elected representatives. As individuals and as a group many of them have contributed to a tradition and ethos of public service; they have chosen an honourable profession of public service and done their best. Many civil servants and politicians are still like that, but there have been major changes in recent years. The private interests of officials have been stimulated by personnel policies that encourage performance related pay, with performance indicators that assess merit and reward achievement according to varieties of, often inadequately considered, measurable criteria. It is considered a virtue to be productive in these conditions, and people who are thought to be business-like and appear to get things done are rewarded with rapid advancement and the sort of salaries thought to be appropriate in a business-admired world. Sometimes, it seems, this undermines their traditional professional standards because, in order to advance their interests, it becomes expedient to give advice according to what they think ministers want to hear.

In the past there were safeguards, thought generally to be effective (though who knows how effective they were without a Scott Inquiry to investigate them?), and belived to be crucial in a country without the advantages of a written constitution. These safeguards were built up piecemeal and over many years. They included formal and hierarchical accountability within formal organisation structures, together with ultimate accountability to ministers, and ministerial accountability to Parliament; institutional provisions for fair and open recruitment of officials according to known standards by a respected independent body; legal safeguards to ensure that powers were exercised in accordance with the law by legitimate officials on behalf of ministers; and expectations that public policies should be fairly administered with as much openness as possible in the interests of democratic government.

Some of these safeguards are being abolished or are now considered to be redundant in the context of new approaches to public sector management. Therefore new safeguards are being introduced - in the United Kingdom there are now numerous customer service charters and codes of conduct for ministers and public servants. New commissioners have been created for administration, and for Parliament. There is the hope that, without a written constitution and a bill of rights, the gaps will be filled and everthing will be all right.

This, however, is never likely to be completely satisfactory. It is not possible to legislate for trust; and laws and codes to protect the rights of individual do not always operate satisfactory - as the evidence in totalitarian regimes proves. Indeed, as Ellen Wilkinson, the MP for Jarrow, wrote many years ago, 'Nothing is so dangerous in a democracy as a safeguard which appears to be adequate but is really a facade'.⁴⁰

The best safeguard for high standards in public life must be concientious and responsible citizenship. It is only through a combination of active participation in citizenship, and education, including education about government and politics, as well as through good institutions, responsible procedures, and the widespread expectation of and agitation for high standards, that those high standards will be achieved and maintained in public life. It is not a responsibility of others, but of us all.

Notes

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28. Scott, D1.165
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